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Pay Equity and Equal Employment Opportunity in New Zealand: Developments 2006/2008 and Evaluation

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Abstract

This paper is the third in a series of papers updating developments relating to pay equity and EEO and evaluating their impact. As with the previous papers, it focuses primarily on gender, but also discusses the overall situation and touches on issues related to ethnicity, age and disability. In the last two years, the broad public sector, assisted by the Pay and Employment Equity Unit in the Department of Labour, has made significant progress in reporting on gender issues in most departments and in some parts of the public health and education sector, but practical action to reduce remaining gender pay gaps is a slow process. This paper will discuss these public sector processes and also the private sector situation in the context of a period where women have surpassed men in terms of education outcomes, therefore, the need for vigilance around women's position in the labour market is increasingly questioned. With respect to ethnicity, despite non-discrimination legislation, there is substantial evidence of problems encountered by many immigrants entering the labour market. The paper will examine recent evidence on discrimination on the basis of ethnicity, age, disability and reports/recommendations for its elimination.

Introduction

This paper is the third in a series of papers updating developments relating to pay equity and Equal Employment Opportunity (EEO) and evaluating their impact. The 2006 paper concluded that reductions in gender and ethnic inequality in educational and other human capital acquisition have occurred partly from government action, however, partly in spite of it, they were likely to continue, given social change, pressure from the groups previously denied equal access, and the economic imperatives to use all our labour resources fully (see Hyman, 2006). These factors (i.e. government action, social change, etc) were assessed to be of greater significance than legal requirements and policy initiatives towards employment equity (Hyman, 2008). These predictions were close to the mark, however, current world economic, financial, and credit turmoil makes ongoing progress more uncertain. This paper examines and evaluates developments in pay equity and EEO in the last two years. It focuses mainly on gender issues but also touches on other dimensions of EEO, including age, disability and ethnicity.

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Pay and Employment Equity (PEE) in the Broad Public Sector

The establishment and early work of the Department of Labour's Pay and Employment Equity Unit, in accordance with recommendations from the 2004 Taskforce on Pay & Employment Equity in the Public Service, Public Education and Public Health, was a major focus of my 2006 paper. Since then, Phase One of the work has been almost completed, with 35 of the 39 core public service organisations having finished their reviews. In the public health sector, 5 District Health Boards (DHBs) have completed reviews and others a validation process, leading to a Report and Response Plan which has gone to the Minister of Health. The public education sector is similarly placed with respect to schools and kindergartens. In Phase Two, local governments have started its reviews, with Gisborne District and Waitakere City Councils being the pioneers, together with three CRIs, while 14 polytechnics/institutes of technology and Te Wananga o Aotearoa are starting the tertiary education sector process and discussions are under way with universities. The Unit has provided tools and assistance to organisations undertaking reviews, with the processes streamlined and made more consistent, with a view to higher standards in later reviews. This was made possible through the development of the Pay and Employment Equity Analysis Tool (PEEAT), to help generate the relevant gender profiles from human resources data. The Unit's website, www.dol.govt.nz/services/PayAndEmploymentEquity/index.asp, is extremely informative, with case studies of reviews from a number of departments, detail of the tools used, and a regular newsletter.

The emerging themes from completed reviews are: lower starting salaries for women, barriers to career development, lower performance pay, and pay gaps ranging from 3% to 25%, varying by department and occupation. Women's incomes also tended to be lower in female dominated occupations. Some reviews found that such occupations received lower remuneration than male dominated occupations of similar job size – a major equal pay for work of equal value issue/pay equity. Several reports did not know if the job sizing had been done in a gender neutral manner, while others attributed the result to market factors, the issue which has long been the nub of the debate between equal value advocates and opponents. Comparisons are often made within roles, where the gaps are fairly small, though still important, bringing up EEO issues. However, it is the gaps between roles, raising equal value issues, where little is said, other than to note that female median salaries are low in female dominated work.

A draft overview paper being prepared by the Pay and Employment Equity Unit includes material on pay and employment equity issues for several specific groups of employees. One such group is administrative/clerical support workers. In particular, they have been recognised in many reviews as a group whose pay, opportunities and experiences of fairness and respect deserve attention. The DHBs response plan recommends investigating whether there is scope for a full pay investigation for clerical workers. In the majority of reviews administrative support staff have been found to be the lowest paid occupation, and in every case they are a female-dominated group. Administrative staff also typically have limited or no opportunities for career (and pay) progression. In some reviews they have been found to work overtime that is unpaid when other staff groups receive overtime pay. Some reviews have recommended a pay increase for these employees (and in some cases this has occurred already). A number of reviews have recommended that the pay of administrative staff be the subject of an in-house job evaluation. Some organisations have introduced limited career steps for clerical workers.

Ongoing monitoring is essential in this and many other areas, including starting salaries. One review saw this as simply a market issue while others suggested educating managers and having greater transparency about pay rates – the latter against many recent trends. The assumption that this would enable women to be able to bargain their starting rates more assertively, however, removing the gender disparity, is disputable. There is literature showing that gender related socialisation is an important factor on behaviour differences in this area. Consistency of offers based on standard criteria may be a better approach.

An informative forum, organised by the Unit, was held in April 2008, where its Director, Philippa Hall, outlined the progress to date on these reviews, the tools, and the extension of the review process. One important upcoming development is a limited extension to the private sector, covering responsible contract policy for government-funded outsourced services in parts of the health sector. In November 2007, Cabinet agreed that pay and employment equity should extend to all DHB employees delivering services that a DHB has an operational obligation to ensure are provided, irrespective of whether they were employed directly by the DHB or by an organisation contracted to it. Another is a start on the first two pay investigations recommended by reviews, covering CYFS social workers and special education support workers. The latter work one-to-one with special needs children and are a female dominated group, working part time and without security of tenure, earning from $13 to $17.60 per hour. The starting wage is now only just above the national minimum of $12 per hour, as of April 1 2008. Gender neutral job evaluation (the EJE scheme) has been used to make comparisons of the value of the work against prison officers and hospital orderlies and the results will be available shortly.

Two other PEE sponsored projects under way are broader exercises to evaluate female dominated work in the services sector. The first is designed to identify and value hidden service sector skills common in female dominated jobs. In working with sick older people, the possible unnamed skills outlined included tact, taboos (managing to talk about areas normally too hard to raise, such as organ harvesting), tactility (subtle responsiveness to physical cues) and tacitness (fast responses to situations through unofficial knowledge). This approach has been used to generate a typology of three types of skill sets and levels in service work, awareness shaping, interaction/relationship shaping, and coordinating skills. The final product will include tools and guidelines for use in recruitment and performance management.

The second is the application of the Equitable Job Evaluation scheme–designed by PEE consultants – to community support workers for people with intellectual disabilities living in houses provided by the not for profit and private sectors. With very low wages determined primarily by public sector funding formulae, this female dominated job (top rate $16.20 per hour: 76% female) makes emotional, sensory, and physical demands and carries responsibilities which could be missed in many job evaluation schemes. Employers, several of which were experiencing staff and skill shortages, supported the project, being powerless to raise wages unless the government is prepared to fund such increases. Comparators used were therapy assistants employed by DHBs, a fairly similar female underpaid group but higher paid than the support workers, and correction officers, a male dominated group with considerably higher pay than both. All were at ANZSCO skill level 4 and all were found to have similar total job point scores, albeit with different patterns on the various factors. Correction officers' pay increases with internal training to $51,257, $17,551 more than community social workers (DOL PEE Steering Group, 2008).

There is no policy or legislation enabling these results to yield pay increases, but they make a powerful union campaigning case, and one for employers to use in contact negotiations with government. All these detailed examples from the health and education sectors in caring, support and other services work, ultimately rely on increased government expenditure from taxation to fund adequate wages for undervalued female dominated work. Funder-provider splits, contracts for services and hands-off industrial relations structures make it extremely hard to improve wages in these areas, particularly when government budgets are tight and economic crises loom. These issues will continue long term, due to improved medical knowledge and technology and greater longevity requiring ever more caring work, paid and unpaid. However, with government expenditure under pressure, especially given the pre-election statements of the new National government, such funding is unlikely.

A case study of homecare by Janice Burns further reinforces the issues in female dominated caring work. Outlined on National Equal Opportunities Network (NEON), a partnership between the Human Rights Commission and the EEO Trust (website http://www.neon.org.nz/), this study outlined the triple bind faced by thousands of working women in New Zealand – poor pay, an under-valued female-dominated occupation and government-funded contracting arrangements for their industry. She concluded that solutions still appear elusive and constrained by an ideological straightjacket. She explained the way in which the contracting arrangements under the funder/provider split are highly non interventionist over staff conditions and stated that:

> "…there appears to be no logical or empirical basis for the contract price currently offered to providers. Any institutional knowledge within the Ministry of Health on how the funding formula was established and how its currency is maintained seems to have long gone... At the moment the government funds at a level that does not support the pay and employment equity goals it supports for its own staff" (Burns, 2007).

Burns recommended

> "four remedial steps:
>
> 1. Undertake an assessment of the actual skills required for quality homecare work and the market rate for these skills
> 2. Assess the costs to the employer of building a quality and sustainable workforce
> 3. Develop a funding formula that fairly includes all the costs to provider businesses (including reasonable profit margins to assist business survival)
> 4. Develop government contracting minimum standards that requires evidence based on good labour practices of those receiving homecare provision contracts. This would include fair pay and employment conditions, meeting legal requirements around provisions such as sick leave and holiday pay, and covering all costs associated with the performance of the job" (ibid).

The National Advisory Council on the Employment of Women celebrated its 40th anniversary in September 2007. Their review of the period and surveys of critical issues today are excellent resources (NACEW, 2007; 2008). The latter includes arguments for the efficiency case, in addition to the equity case, for pay equity, or more particularly equal pay for work of equal value.

> "As well as considerations of fair pay, the lack of recognition of the full range of skills and responsibilities involved in many female dominated occupations is inefficient. Where occupations are undervalued, 'productive potential' tends to be constrained as a consequence of both inadequate recognition of qualifications, and limited access to training or career paths. The establishment of autonomy along with pay parity for midwives is an example of a productivity gain to society through the recognition that midwives had the skills to practice autonomously. NACEW supports the focus on achieving pay equity in the public sector being extended to the private sector in the near future" (NACEW 2008: 15).

NACEW's current work programme prioritises four areas: quality of work, Maori and Pacific Women's Employment, and caring and working.

Before turning to private sector issues and those covering all employees, it should be mentioned that the ongoing provisions of the State Sector Act, 1988, require Public Service CEOs to operate as 'good employers' which, inter alia, involve proactive Equal Employment Opportunities programmes, covering at a minimum: Maori; women; ethnic minority groups; and persons with disabilities. Some monitoring of progress for each group ensures a degree of accountability and some progress has been made for all groups.

Equal Employment Opportunity and the Minimum Code – Gender and Family Issues

In the private sector, there are indicators showing that there is still a long way to go to achieve gender equality. These include the low representation of women in the modern apprenticeship scheme at one end of the employment spectrum and the miniscule improvement with respect to directorships of private sector companies at the other. The top 100 firms on the New Zealand Stock Exchange still had only 8.65% women directors in 2008, up from 7.13% in 2006 and 5% in 2003 (Human Rights Commission, 2008a). The Modern Apprenticeship scheme, covering about 10,000 young people, is mainly a male domain with the female proportion having increased only from 6.6% in 2003 to 8.5% in March 2006 and then 9.3% in December 2007. Women were over one-third of participants in tourism, public sector, retail, hospitality and seafood, but a miniscule proportion in the male traditional areas (15 out of 1536 in engineering and 5 out of 1618 in building and construction, the two largest groups overall). Clearly, thirty years of work to encourage women into these trades has had little impact.

A piece of research undertaken by the New Zealand Council for Educational Research for the Ministry of Women's Affairs (Ministry of Women's Affairs, 2008) investigated young people's career decisions with particular reference to gender segregation in the trades. It showed that Industry Training Authority courses, covering a much larger group of over 125,000 employees, show similar gender segregation. While 28% of trainees at September 2006 were women, only similar areas to the Modern Apprenticeship Scheme were gender balanced. In forestry, for example, only 9% of trainees were women while hairdressing and community support services were female dominated.

The aim of the study was to examine the interconnections between gender, gendered ideas, and career decision making on 'how and why' young people navigate to, or avoid trades-related pathways. It was commissioned as part of MWA's plan to improve the economic

independence of New Zealand women and to decrease gender segregation in the workforce. The research included focus groups and interviews with young people ranging from junior secondary students to fully qualified employees, including 86 young women and men in trades-related pathways. It found that:

> "…gender stereotypes and dominant hetero-normative discourse continue to have a major influence on young people as they imagine and try out possible selves", even though "the narratives of some of the young tradeswomen interviewed disrupted – transcended even – gender-normative discourses to varying degrees" (Ministry of Women's Affairs, 2008, p.v).

Recommendations included initiatives involving many agencies on career decision making and extensions of the skill sets seen as needed in trade training to include financial information technology, customer service, people and relationship skills, as well as problem solving, innovation, creativity, design, complex project management, and the ability to adapt to change.

The fact that women in trades and factory jobs still often have to deal with discrimination is illustrated by one long running case. In June 2007, the High Court rejected Talley's appeal against the 2005 Human Rights Tribunal decision ruling that the company had discriminated against Nelson woman, Caitlin Lewis. She had been a fish trimmer at Talley's Motueka fish processing plant from 1999 to 2001, and was prevented from being a filleter because she was a woman (for more detail on the earlier and recent material, see Hyman, 2007; 2008). The Court ruled that this was a clear case of gender discrimination and awarded her compensation for lost earnings. The Human Rights Commission described the decision as a 'landmark' win against sex discrimination. The details of the judgement on the two jobs and practices at Talley's make fascinating reading. As in so many jobs, the realities of work go well beyond the job titles. The Court concluded that "the variations identified in the roles do not in our view alter the essential similarity" (High Court, 2007: 43). The judgment noted that, though both jobs required superior knife skills, Talley's did not promote skilled trimmers, who were invariably women, to fill vacancies in the filleting line, preferring to employ totally untrained people and give them minimal instruction.

> "The reason she received less money was because she was made a trimmer, and the reason she was made a trimmer was because she was a woman - Talleys did not directly pay her less because she was a woman, but discrimination need not be deliberate" (ibid: 52).

It added that Talley's was entitled to pay one position more than the other, but could not prohibit people from moving between the jobs because of their sex.

NACEW's involvement in pay and employment equity includes a partnership with the Human Resources Institute of New Zealand to make available resources adapted from PEE tools for the private sector. It is "designed to assist employers to assess where they stand so they can be confident about their practices and address any inequities that become apparent", (HRINZ, 2008). It points out that:

> "…men can also be adversely affected by unequal pay and employment. Although they are likely to earn more than women, the trade-off can be continuous, full-time, long-term involvement in employment even if they would like more choice around work and life options. New Zealand and international research shows that men,

particularly young men, would like to be more involved with their children but lower women's pay is one reason why mothers continue to be the primary caregivers and fathers the primary breadwinners" (ibid).

The rationale for ensuring pay and employment equity is covered, together with downloadable resources on the business case and how to do taster or full reviews.

Minimum code provisions, such as the minimum wage, sick leave, holiday provisions and parental leave, together with some government programmes, such as provision and subsidies for child care, and policies, for example those on breastfeeding in the workplace, also have EEO impacts. Those which particularly affect parents with dependent children have substantial gender impacts in practice, since women continue to take the major role in family related responsibilities despite the point made above that many men would like to be more involved. The CTU estimates that of the 91,000 workers for whom the latest minimum wage boost (in April 2008 to $12 per hour) directly led to a pay rise, 61,000 were women. Their submission in 2007 sought a minimum wage indexed to 66% of the average wage, which would raise it to $15 per hour. They also sought an increase from 80% to 90% of the minimum wage for the trainee rate which recently replaced the youth rate. The Greens and Maori parties supported, in 2008 election, manifestos this immediate increase to $15. Maori and Pacific workers, especially women, are even more concentrated than other women in low paid work.

Further improvements to parental leave eligibility, particularly for casual and seasonal workers, and to the length of leave and level of payment were foreshadowed in some Labour pre-election speeches but cut from early plans when the economic crisis hit and are highly unlikely to be taken up by a National led government. Creating family friendly workplaces and assisting individuals to secure a satisfactory work life balance is now a common mantra. The Flexible Employment Arrangements Act, 2007 guarantees a right to request flexible working hours by parents with young or disabled children. While requests rather than major obligations are imposed by this approach, it could change the climate as the case with similar legislation in the U.K. However, there was clear evidence in the PEE reviews of part time work and requests for flexibility being seen as a lack of commitment to the job and holding back career options, especially for women. An area where some progress for women is being made is that of the protection for breastfeeding in the workplace. In addition to legislating for minimum meal and rest break requirements, amendments to the Employment Relations Act in 2008 require employers to provide, where reasonable and practicable, facilities and breaks for breastfeeding. The qualification may limit real impacts, but at least a code of employment practice and guidelines is supplied. However, some employers still flout anti-discrimination law with respect to parenting. A waitress and a bar manager have recently been awarded compensation by the Employment Relations Authority for wrongful dismissal following each informing their employers of their pregnancy.

Clearly, issues of how to ensure that employees can combine paid and caring work are receiving ever more attention, although as already indicated, there is a great deal of ambivalence in dealing with them. The EEO Trust, the Families Commission and the Department of Labour are among the organisations advocating for family friendly cultures and policies, and a good edited collection explores the complexities and nuances for both women and men, including unpaid caregivers, Maori and Pacific women, and older women parenting for the second time (Waring and Fouche, 2007). The Families Commission researched perceptions and experiences of flexible work using focus groups, case studies and a survey of 1,000 people. The benefits for families were clear in terms of reduced stress levels

and improved quality of time with families. However, substantial numbers reported that they did not have the flexibility they wanted while others experienced a trade off of flexibility for lower pay and status. The culture of a workplace played a big part in whether or not staff felt able to seek flexible work arrangements, with negative attitudes of managers and colleagues the main barrier, even when there were, theoretically, supportive policies in place (Families Commission, 2008a). By investigating how parents working non-standard hours organised care for their preschool children, the Commission found that while a few had ideal childcare arrangements, others were not adequately supported or had to make complex arrangements (Families Commission, 2008b). An EEO Trust pilot research project covering employees from 15 workplaces explored the relationships between work-life balance, employee engagement, discretionary effort and productivity. The relationships which emerge are complex, but confirm previous literature including that of the Families Commission which indicates that just having work-life initiatives is not enough to achieve increased performance and productivity – there needs also to be a supportive workplace culture. Senior managers, who are a crucial factor in the implementation of work-life strategies, tended to rate their workplace's work-life culture higher than their lower level staff (EEO Trust, 2007).

Caveats about the reality of family friendly (or work life balance or flexibility in workplaces) rhetoric and policies have already been raised. Some commentators go further in their sceptical analyses, for example, arguing that social and economic goals in this area are not mutually compatible. One thesis on the politics of work life balance find that work life balance has "negative implications for fairness and equality, amongst New Zealand workers and between men and women. However, the gender-neutral and individualised language of work life balance masks its discriminatory systemic effects" (Domett, 2006: 1). Tania Domett conducted two organisational case studies as well as interviewing key stakeholders. She found, perhaps inevitably, that work life balance is primarily sold to business for its efficiency gains – or "its capacity to reinforce and support rather than cushion market forces" (ibid: 58). This tends to lead to a two-tier approach where valued white-collar professional workers, mainly women, have easier access to its provisions, but, nevertheless, often lose out on career progress, as suggested earlier from PEE work. Meanwhile, men tend to be constrained from attempting to use such policies because of the persistence of the woman as caregiver, men as breadwinner model and the threats to their pay and careers. "In this way, both men and women are captive to historically embedded gender roles, structures, and norms" (ibid: 58). Lower level workers have even less bargaining power and their insecure patterns of perilous work may be misrepresented as allowing work-life balance.

A related challenge to the whole basis of the approach of EEO implementation in practice includes a detailed case study of an unsuccessful application for some special conditions (Simon-Kumar, 2008). This concerned a full time woman employee in the public service who, as a sole parent with child care issues, sought to work additional hours at one period (when her child was overseas with the father) to accumulate some time off in lieu for a period when she would have sole custody. Such time in lieu was not within current policy in the employee's position but was viewed by the applicant as reasonable in her circumstances, and given the policies, guidelines, and strategies of her organisation, which is also covered by the State Sector Act EEO provisions mentioned earlier. It was declined on the basis that work life balance initiatives "need to be balanced with fair and equitable treatment of all staff, meeting business requirements, and being consistent with other HR policies" (ibid, p 28), with the particular area of work seen as not suitable for time banking and the lack of normal time in lieu provisions in her position. Simon-Kumar (2008) uses discourse analysis to discuss the different interpretations of fairness, equity, and discrimination adopted by the applicant and the employers. For the claimant, fairness should recognise difference and social disadvantage,

while for the employer it was interpreted in terms of equal and the same treatment for all. The employer's understanding of EEO is largely framed by a liberal managerial discourse, rather than the more radical model which underlies the social justice EEO and collectivist claims for disadvantaged groups

Gender Issues – Are Women still Disadvantaged in the Labour Market?

Earlier sections of this paper have pointed to areas where women remain disadvantaged in the labour market, including their predominance in low paid work. In addition, there is only very slow progress on closing the overall gender earnings gap – the female male earnings ratio in the June 2008 Quarterly Employment Survey is 87.4% for average hourly earnings and 79.6% for average weekly earnings. Furthermore, public sector and recent graduates starting salaries data, from NZVCC surveys, appear to indicate an ongoing problem. However, with New Zealand women's educational achievements having caught up to or surpassed those of men's in many respects, some commentators argue that equality has been achieved or exceeded and male disadvantage needs addressing, at least in the education system. Women now constitute over half of new graduates; in 2006 63% of Bachelor degree completions, 58% of Masters and 51% of Doctorates. However, achievements by women are, at times, portrayed as being at the expense of men and any special provisions to lift the position of Maori and other ethnic groups or women regarded with suspicion, whether in the educational system or in employment. This seems unfortunate that as the educational outcomes for both genders is in fact improving yet disadvantages in the labour market for women still continue. Alarm about the female majority of students may be excessive when the number of tertiary students is still growing fairly rapidly and the number of male students with it, the number of females is simply increasing faster. More sophisticated analyses of gender and ethnic gaps, including the heterogeneity of choices and outcomes for both women and men and the role of choice are called for in a paper discussing the issues in detail – when does a minor difference become a worrying disparity? (Callister, Leather and Holt, 2008).

One aspect of these debates is whether there is an ongoing justification for women-only scholarships. This has been queried by Paul Callister, lead author of the paper cited above, who has asked the Human Rights Commission (HRC) to consider the question. The legal justification for exemption of women-only scholarships from the gender discrimination provisions of New Zealand human rights legislation rests on redressing past discrimination. Callister believes that women-only scholarships should now be made gender-neutral so anyone in need could apply. He also asked the Commission to rule on the legality of men-only scholarships in fields such as early-childhood-teacher training and nursing where men have long been underrepresented. As this is analogous to the case for women-only scholarships, the case is strong. The HRC is working on the broader issue, but has pointed out that where scholarships for women, men or any other specified group are offered by charitable trusts, they are exempt from the provisions of the Human Rights Act 1993. However, the social case needs examination, and there are indeed more scholarships for women only than for men only. Many of these are aimed at helping women into areas where they are still underrepresented – engineering, physical sciences, computing. A case can still be made for these and for second chance scholarships for older women returning to education, given that societal and family expectations meant that women were less likely to get a first chance when they were young.

Some raising similar issues have done so in a less reasoned manner. For example, Massey Pro Vice Chancellor James Chapman, at a School of Education graduation in which only 15 of 158 graduates were men, referred to the significant decline in interest of males in primary school teaching. He speculated that one of the main factors was "the gradual feminisation of education in New Zealand, in terms of policies as well as teacher gender". Whether it is desirable to attract more men to teaching, and if so how, is worth debating. One way might be to pay teachers more, both male and female, particularly in technology and mathematics, the chief areas of shortage. But Chapman went further, according to the Manawatu Standard, 22 May, 2007, saying "New Zealand now has one of the largest gaps in the world between male and female achievers, with men coming out the losers." Given the labour market gender differences outlined above, this cannot be substantiated.

Equal Employment Opportunity – Age, Disability and Ethnicity

With the only legislative underpinnings for EEO in the private sector being the anti-discrimination provisions of industrial relations and human rights law, the main developments have been in education and provision of resources to encourage employers to make the best use of all groups of employees. This is together with a diverse workforce and the workplace flexibility discussed earlier. For example, the EEO Trust's Work & Life Awards give publicity to firms making effective efforts with respect to such flexibility and hopefully inspire others as well as suggesting specific approaches. The Trust also alternates annually a Diversity Survey and a Work-Life Survey. The Diversity Survey measures how well New Zealand workplaces access and value the talents of a diverse population and tap into their creativity, initiative, intelligence and skills. The 2007 Survey was completed by 364 organisations which employed 242,813 people. It found that best practice organisations had lower staff turnover than others.

A combination of the ageing of the population and skill shortages that have led to seeking employees overseas, have created a particular focus on older workers and migrants. The Equal Employment Opportunities Trust (http://www.eeotrust.org.nz/) publishes research, makes good practice awards and assists employers with EEO resources. Benefits to firms adopting such policies are emphasised in terms of a satisfied workforce and productivity enhancement. It should be noted that the research discussed throughout this section, particularly when individual views of employers and employees are reported, is subject to a number of provisos. Contribution to most of these surveys is entirely voluntary, so those who are the most interested and favourable to the perspectives of valuing diversity are likely to take part. Employers and managers may also, inevitably, illuminate their organisations in the best possible light. Many of the publications give a 'half full, half empty' evaluation of the situation, which probably reflects realities, but there is little objective evidence to evaluate how effective the resources are, what proportion of employers are convinced and behave accordingly, and what proportion of disadvantaged groups are still subject to discrimination.

With respect to older workers, these guides to employers include Valuing Experience (Human Rights Commission et al, 2008). It is based on the perspective that smart organisations are redesigning work to retain older workers as they need to do with the ageing of the New Zealand workforce. Almost a quarter of New Zealand's workforce is aged between 50 and 64 and the proportion will increase, together with those over 65. The guide provides information on older workers' rights and responsibilities together with tips for employers. It includes information on recruiting and retaining older workers, work design, job structure, effective

supervision, managing performance, training and development, and motivation and rewards. By recognising that older workers are a valuable resource for employers at a time of demographic change, skill shortages, changing markets, and the need for increased productivity, the report emphasises the importance of retaining the skills, knowledge and experience of older employees and of not overlooking their potential when recruiting. It includes 12 tips for employing older workers and other downloadable checklists. Employers are enjoined that they will need to pay attention to the needs, aspirations and expectations of older workers, involving a willingness to do the following (extract only):

> "Treat people as individuals – one size rarely fits all… Deliberately consider the needs of older employees and make sure that policies and practices work as well for them as for younger employees. Involve older workers in decisions that will impact on them. Develop a culture that values age and experience" (Human Rights Commission et al. 2008).

The EEO Trust is giving similar messages, with reports based on employers' and recruitment agencies' experience. Research with EEO Employers Group members showed that many place a high value on older workers, appreciating their reliability, experience, stability and loyalty (EEO Trust, 2008a), Recruiters reported more mixed experience of appreciation and resistance, the latter largely related to perceptions concerning energy levels, flexibility, and ambition. They stressed the importance of a skills-based focus during the recruitment process to ensure that the best person was hired, regardless of age. Some recruitment consultants still heard of people in their 50s having difficulty obtaining an interview, let alone a job, but most believed that employers' attitudes to older workers were becoming increasingly positive (EEO Trust 2008b).

The New Zealand Disability Strategy is a tool to improve the lives of people with disabilities, including their position in the labour force. Its Implementation Review reported on the progress made by central government agencies implementing the strategy between 2001 and 2007. It involved wide consultation with disabled people's organisations and support providers as well as government agencies. One aspect of the strategy relates to meaningful employment and adequate income. Objective 4 requires the provision of opportunities in employment and economic development. In 2001, an estimated 44% of disabled adults were in the workforce as against 74% of non-disabled adults, with a consequent large income gap. While there has been considerable improvement in the provision of employment opportunities and removal of barriers, there is a perception of a main centre-rural gap and less opportunity for those with more complex needs or intellectual disabilities. The report states that, throughout the interviews, it was clear that many disabled people continue to feel a sense of frustration and disappointment at the slow pace of change (Office for Disability Issues, 2007). Adoption of the Convention on the Rights of Persons with Disabilities by the United Nations on 13 December, 2006, with New Zealand signing in 2007, was followed by the passage of necessary changes in legislation for compliance prior to ratification. Giving voice, visibility and legitimacy to disabled people and their issues, it should provide a further tool for reducing discrimination and increasing opportunity, but clearly there is a long way to go.

Immigrants, especially those with high skills and often struggle to get them fully recognised in New Zealand, are another group rightly targeted under the diversity umbrella. Some industries such as dairying are increasingly reliant on migrant workers while others with labour and skills shortages could benefit from actively recruiting among these groups. Again, checklists have been developed for employers to demonstrate good practice, together with examples (Human Rights Commission, 2008b). Necessary conditions include zero tolerance

of racial discrimination in workplaces, accommodating religious diversity at work, good training and induction systems, and assistance with improving English language competencies. The HRC publication also encompasses both accounts of the barriers and discrimination that migrant workers face and success stories that profile businesses where migrant employees are valued and crucial to productivity.

Outcomes for Maori and Pacific employees are gradually improving, in terms of employment growth, reduced unemployment, wages and self employment rates, but average levels on all indicators remain well below those of the overall population, and not all are narrowing. For example, Maori average hourly earnings rose by an average of 4.2% per annum between June 2002 and June 2007, from $14.33 to $17.58, while the economy-wide rate grew by 5.1% on average from $16.71 to $21.41, so that the ratio actually fell from 85.8% to 82.1%. On the other hand, the number of Maori employed grew by 8.7% in the year to June 2007, against an employment growth of only 0.8% among non-Maori, while Maori unemployment fell to 7.6% for the year to June 2007, the lowest rate ever recorded. However, this remains well above the 3.7 % overall rate (Department of Labour, 2007a) For Pacific peoples, too, the picture is mixed, with above average employment and wage growth in the same five years, reductions in unemployment rates and in the amount by which they exceed the general rate. However, Pacific people are less than 1% of CEOs/company directors, only 2.1% of production managers in manufacturing where they are 7.9% of all employees, and only 2% of senior management in the public service, where they are 7% of employees (Department of Labour, 2007b). There is a long way to go with respect to EEO for these groups as employees, while the improvements are largely a matter of favourable economic conditions and improved educational outcomes rather than specific policies.

Generally, any such ethnicity-based special policies, whether in employment, social welfare, health or elsewhere, have been politically challenged in recent years, resulting in a retreat from them by the previous Labour government, under the mantra needs-based rather than race-based measures to mitigate disadvantage. Paul Callister (2007) has examined the nature and history of special measures in New Zealand, and their strengths and weaknesses, reflecting on the circumstances which may make such measures effective, as well as politically acceptable. The Human Rights Commission supported the research and has issued guidelines for organisations on measures to ensure equality and reduce ethnic disadvantage, pointing out that human rights legislation specifically upholds special measures in particular circumstances. As with gender, discussed above, such special measures directed to a particular ethnic group are not discriminatory when applied to "those persons or groups that need or may reasonably be supposed to need assistance or advancement in order to achieve an equal place with other members of the community" (Human Rights Act 1993 at Section 73: *Measures to Ensure Equality*) The Commission considers that such special measures remain an important policy tool and that properly used, they can make a major contribution to reducing the effects of discrimination.

Both Maori and Pacific communities, together with the relevant government agencies, place major emphasis on the realisation of the full potential of their peoples, based on autonomy, entrepreneurship, self-direction, innovation, and internal leadership. Such a direction would also make these populations less dependent on the behaviour of employers and managers from outside their groups. "The success of future economic development will be based on Maori having the capacity to lead, influence and make positive decisions for themselves to ensure economic growth". (Te Puni Kokiri, 2007:40). On similar lines, the three key outcomes emphasised by the Ministry of Pacific Island Affairs Statement of Intent 2008 – 2011 (2008), accompanied by a 2007 Pacific Economic Action Plan and a Pacific Women's

Economic Development Plan, are for Pacific peoples to participate fully in New Zealand's economy, for the social wellbeing of Pacific peoples to be enhanced, and for Pacific peoples' cultures and heritage to be supported, developed, and valued. Business development, growth industries and entrepreneurial culture and leadership are again stressed in these plans.

Conclusion and Future Prospects

The picture outlined above of the last two years shows many reports and some progress, albeit slow, in a number of areas. The prospects for the future are of concern at a time of world economic uncertainty and likely increases in unemployment where low paid and EEO groups are often the first to suffer. The election policies of the parties indicated that those elected to government are largely committed to market solutions, educational progress for all, and enhanced growth to improve the position of these groups rather than more specific policies which the Labour led governments delivered, albeit to an increasingly limited extent. Voluntary codes and educational resources are likely to continue to be promoted.

Most of the institutions discussed above are also likely to survive. The EEO Trust was instituted by the 1990 National Government after it repealed Labour's more interventionist Employment Equity Act. NACEW has survived many National governments, while the PEE Unit is supported by its department and has an assistance rather than interventionist role. The Ministry of Women's Affairs' existence is safe for now. Don Brash, when leader of National, had threatened to abolish it, but John Key, perhaps through concern for the gender gap in women's votes between Labour and National, made Jackie Blue spokesperson when elected leader. He has now appointed Pansy Wong as Minister of Women's Affairs, although coverage of this appointment was miniscule and the budget may well be cut. However, the prospects for real outcomes from the work of the PEE Unit, NACEW, and the Ministry of Women's Affairs are even less rosy with respect to pay equity and dollars for pay increases in caring work under the new National led government than they would have been under a Labour led one. Regular speeches about the excessive size and cost of the public service and further freeing up of the labour market are far from reassuring. The National party, in opposition, sponsored the Employment Relations (Probationary Employment) Amendment Bill, which would have seen the introduction a 90-day probation period for new employees. Its purpose was stated as enabling employers to take a chance with new employees without facing the risk of expensive and protracted personal grievance procedures. Proponents argued that it would enable people who have not had previous work experience to find their first job and make it easier for people re-entering the workforce. It would have meant no right of appeal against unfair dismissal in the first 90 days. Union critics argue that it would create a category of 'disposable worker'. It was defeated, but a somewhat less sweeping version (businesses with under 20 employees) is being debated under urgency during December 2008, whether an even stronger version will be introduced in 2009 is yet to be seen. Either way, reductions in labour market protections are involved, with the lower paid most affected.

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The Effect of Early Childhood Education and Care (ECE) Costs on the Labour Force Participation of Parents in New Zealand

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Abstract

New Zealand suffers from labour and skill shortage, has a record low official unemployment rate, one of the highest figures of working hours per capita per annum and at the same time one of the lowest labour force participation rates of women in the 25-34 age group among OECD countries. The feminist economic literature stresses the unfair distribution of paid and unpaid (mostly caring) work between men and women. Moreover, it also emphasizes a strong causal link between childcare arrangements and labour force participation and success. Based on these arguments we suggest that the comparatively low female labour force participation rate of mothers with dependent children in New Zealand can be explained at least in part by how childcare is organized. Evidence from the relevant literature supports this contributing to policy changes. The transaction cost approach is also used to explain the participation patterns for women in the 25-34 year age-group and questions whether provision of childcare should be public or private. In conclusion we suggest a variety of avenues for New Zealand to make better use of its labour force and achieve a more potentially more efficient balance between paid and unpaid activities.

Introduction

The New Zealand early childhood education and care sector is in a state of flux as it adjusts to changes in the regulatory and funding environment. Efficient early childhood education and care expands the employment and education options of parents, their potential productivity and equality. This paper first provides an overview of the nexus between childcare and labour market activity found in the relevant economic literature, including recent insight provided by the feminist critique. We then look at recent patterns in female labour force participation and time budgets in New Zealand and describe recent developments in the childcare sector in terms of provisions and funding arrangements. This leads us to question recent emphasis on more market based provisions. Our focus then shifts to transaction and other costs incurred by parents using outside home childcare and further examine the question of private versus public provisions of childcare. We conclude the article by examining alternative models for family and labour market policies from Scandinavia in order to identify a more efficient distribution of paid and unpaid work in New Zealand.

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Feminist Economics on the nexus between care and labour market activity (theory)

All OECD countries have a persistent or ever growing need for caring (unpaid) labour (OECD, 2006 and Folbre, 2001) which, as in the past, is still mostly provided by women (Statistics New Zealand, 2001). At the same time, developed countries are experiencing increased female (waged) labour force participation. This leads to a dilemma because what may be regarded as good for gender equality might actually lead to neglect of children, the elderly and other persons dependent on care. It could also be accompanied by the so-called double burden and result in an experience of overworking among many mothers with dependent children (Folbre and Bittman, 2004) and/or a decline in fertility rates exacerbated by aging populations (Folbre, 2001; 2003).

So long as the traditional gender division of labour within and outside the household persists and the assumption that child welfare is strongly related to the care given by parenting persons, the problem of child welfare is placed at the core of this dilemma resulting in less time devoted to childcare. The OECD in its report *Starting Strong II* explicitly stresses that aiming at increasing women's labour market participation, reconciling work, family responsibilities on a more equitable basis for women and addressing issues of child poverty and educational disadvantage are linked (OECD, 2006: 19). Moreover, these goals can be achieved simultaneously by governments investing in early childhood education and care (ECE)[1] (ibid: 19). How can social policy in New Zealand tackle this trade-off between labour market productivity and care? Several Treasury papers, written to develop a logical basis for social policy evaluation, try to address this policy and welfare inherent problem in modern family life. However, as criticised by Kesting (2007) the Treasury papers by Jacobsen and others (Jacobsen, May, Crawfod, Annesley, Christofeel, Johnston and Durbin, 2002; Jacobsen, Fursman, Bryant, Claridge and Jensen, 2004; Bryant, Jacobsen, Bell and Garret, 2004; Varuhas, Fursman and Jaconsen, 2003) suffer from two major shortcomings. First, their pluralist approach does not include the feminist critique of Human Capital Theory, nor does it discuss the alternative economic theory developed by feminist economists and philosophers like Folbre (2001) and Nussbaum (2000). However, without questioning the assumptions underlying orthodox economics (see Kesting, 2005), any integration with other social science approaches, which are not based on methodological individualism and some variant of rational choice can hardly be successful in an attempt to develop social policy that ensures care and supports labour market productivity. Some feminist economists have, at least in part, already demonstrated how such an integrative approach could work (see for example Himmelweit, 2000; England and Folbre, 2002; Himmelweit and Sigala 2004). Although feminist economics has many debates and strands, one of its defining characteristics is the particular attention to the gendered division of labour.

Female labour force participation and time budgets in New Zealand

New Zealand has a relatively high labour force participation rate (the 6th highest in the OECD) which, consistent with developments in other industrialised countries, is largely due to increased participation by women. However, as highlighted in a recent Treasury paper, New Zealand has a relatively low participation rate amongst women of the key child bearing age (25-34). In 2001, participation for this group was amongst the lowest in the OECD, ahead of only Italy and Japan (Bryant et al. 2004: 16). Three of the top five countries in terms of labour

force participation of women in this potentially highly productive age group are the Scandinavian welfare states (Iceland, Norway and Sweden); the other two are the USA (the "Overworked American", see Schor, 1992) and Canada.

As Lindert (2004) points out, interrupting work by mothers leads to a loss in human capital and consequently lower life-time earnings compared to childless women and men. This is not only because mothers do not work and do not get paid in the period of their life while caring for children, but also because of the discontinuity resulting in "statistical discrimination". In other words, the perception that there is less need to invest in the careers of young women because childbearing is likely to take them out of the labour force. He presents some indicative evidence that government investment in infant day care, noticeably in Finland and Scandinavia, seems to erode the aforementioned disadvantages for mothers (2004: 256). This effect is much lower in countries where childcare demands are only met in private markets. In general, he concludes: "even though specific numbers still elude us, it makes sense that the more committed welfare states' career supports for mothers are likely to have a strong payoff in jobs and GDP" (ibid. 257).

Callister (2005) integrates the problems of care (that is children's well-being), labour market productivity and gender equality in his contribution to the Treasury's working paper series. He draws on the feminist economists' arguments about the unequal distribution of paid and unpaid work between men and women as an obstacle for the support of replacement fertility levels and growth of business productivity. Moreover, his enquiry is based on a wide range of cross country comparative statistics including Sweden and Finland.

According to Callister, "overwork" is common for the average New Zealander:

> "a comparison of the proportion of employees working 50 or more hours per week among a selection of OECD countries shows that New Zealand has one of the highest proportions of workers putting in long hours of paid work (Messenger 2004). When considering couples, international comparative data also suggest New Zealand is at the high end of the working hours spectrum" (Callister, 2005: 8).

However, this phenomenon has a particularly strong gender dimension in New Zealand as it is fathers who, on average, work long paid hours, while mothers do most of the unpaid care work: "As Johnston (2005) shows, New Zealand has relatively low employment rates for mothers with young children, but when total paid working hours are considered across the whole of society, New Zealand is near the top of the OECD" (Callister, 2005: 9).

In this general context, Callister identifies what might be called a *life cycle squeeze* for families with young children in New Zealand[2]. This life cycle squeeze is characterised by an extreme scarcity of time and/or money in a particular phase of family life:

> "When the New Zealand sample is restricted to partnered men and women with a child under five, Stevens (2002) demonstrates that total hours of work (paid and unpaid) are higher for parents of young children than for men and women without children. Again, this is a pattern seen in all industrial countries" (Callister 2005: 14).

However, there are basically two extreme models of dealing with the problem of the life cycle squeeze: the Anglo-Saxon and the Scandinavian way. Callister picks the USA and Sweden as examples of these two scenarios:

"Comparing the United States and Sweden, which are both high-income countries with a high level of gender equity, reveals two quite distinct models. In the United States the high level of gender equity is achieved by both partners in couples working relative long hours. In contrast, both mothers and fathers work relatively short hours in Sweden" (Callister 2005: 13).

The US model is based on "low-income professionalism" that is, middle class children are cared for by low-skilled immigrants. In Sweden, government policies provide universal entitlements to paid parental leave and universal, high-quality subsidised childcare. This is embedded in an overall trend to support relatively low working hours and high income equality (Callister 2005: 17). The Swedish model allows parents to avoid the life cycle squeeze and instead to achieve a much more positive work-life balance compared with many other countries.

According to Callister, surveys demonstrate that mothers would prefer to spend more time earning money while fathers would want to have more time available for their children. Thus, considering overall family welfare, gender equality and sense of autonomy over one's own life, New Zealanders would probably wish to follow the Scandinavian example. Watkin (2005) verifies this citing Statistics New Zealand reports on the September quarter 2004: "… only 2200 women were working, wanted to work more, but couldn't because of a lack of suitable childcare. Another 3200, who weren't seeking work, gave a lack of childcare as their "main reason" for not working" (2005: 26). The recent introduction of free childcare is an attempt to alleviate these pressures.

The pre-school care industry in New Zealand

The provisions of childcare in New Zealand are undertaken by a wide range of groups, both private and community owned, and attract considerable State funding. In July 2007, there were 4,479 establishments providing childcare to nearly 191,000 children (Ministry of Education, 2007). Nevertheless, childcare can be expensive, according to White (2006), parents in Auckland typically pay fees for different kinds of ECE providers varying between $275 and $475 a week.

"The Early Childhood Council Survey of Fees of its members nationwide found that, for a child over two, hourly fees ranged from $2 to $15 per hour, with an average of $5.13 per hour. The average weekly rate for 30 hours of childcare was $144.75 per week and the range from $10 to $255 per week. The average weekly rate for more than 30 hours was $161.58, ranging from $40 to $360" (White 2006: 30).

In terms of financial burden, the mean rate per week reported by White equates to 12.75% to 14.24% of average household income as recorded in the 2006 census. Moreover, White points out that expensive does not necessarily mean better. Not-for-profit centres are able to provide high quality care at the low end of the fee spectrum. Childcare centres received relatively substantial state subsidies beginning in March 2005 to cover the costs of employing qualified staff. The net effect was a subsidy of approximately 50% of average cost of providing childcare in 2006, however, according to White, none of them reduced their fees. One might conclude that private ownership in this sector leads to publicly subsidised profits hence, can be regarded as an expensive way to ensure quality in ECE. Statements by industry experts

confirm this: White quotes Anthony Gilbert of ABC Affiliate Business Consultants as saying: "Childcare is profitable, and there is a big demand for it" (2006: 32). Demand generally outstrips supply, for example, in inner Auckland suburbs, it is so high that a place for a two-year old has to be secured more than year in advance (White, 2006: 30) and there are long waiting lists (White, 2006: 34 and Watkin, 2005: 24). As a consequence, parents are obliged to pay for services at times that they do not need for fear of not having them when they will need them in the future. The OECD report on ECE (2006) points to problematically high childcare costs for parents in other "liberal economies" like Canada and Ireland.

Parents in New Zealand do not seem to question why they have to pay for ECE in the first place and why it is not a government responsibility paid for mostly by the tax payer as in a lot of other countries (OECD, 2006). Moreover, fees are not the only type of costs parents have to bear. The recent changes to government funding of childcare is discussed below.

As White observes, in the case of Auckland,

> "Childcare is booming. Across the city, there are myriad ways other people will look after your children, in kindergartens, in home-based care, and in all sorts of daycare centres, otherwise known as crèches, childcare centres, preschools and early education centres" (White 2006: 28).

This diversity means that parents need to gather all kinds of detailed information to evaluate the kind of service they will get for their child (White, 2006: 28). In other words, choice among a large variety of providers leads to transaction costs for parents. Reports on the quality of specific providers by the Education Review Office website only partly reduce these information gathering and evaluation costs. Similarly the booklet of the Ministry of Education "Choices in Early Education", helps identify the different types of childcare options. "It also provides an extensive check list of what to look for in a licensed childcare centre, such as the parent-child ratios, the quality of resources, their approach to discipline and so on" (White 2006: 30).

A report prepared by the New Zealand Institute of Economic Research (NZIER) for the Early Childhood Council entitled *Putting Children First – Early childhood education for a new tomorrow* defends the relatively unique policy of moving toward almost exclusively private provision of childcare that was introduced in 1989 and pursued in the 1990s (NZIER, 2005). The report claims that currently in the New Zealand Early Childhood Education (ECE) sector: "Quality is generally good" and "Participation in early childhood education is high" (NZIER 2005 executive summary: IX). Nevertheless, as acknowledged in a footnote in the main text (pages 27 and 28) of the report, this is a very crude indicator because it does not show the amount of time that each child attends. As observed above, given the relatively high fees in this model of provision, parents tend to minimize attendance. An aspect of this is the unequal distribution of the availability of places, as a Salvation Army report points out:

> "The availability of early childhood education (ECE) opportunities appears to be heavily biased against poorer urban communities. Between 2001 and 2006 there was a 25% increase in licensed ECE centres and a 7% increase in the number of pre-school children attending these centres. These increases have almost entirely been in the for-profit sector while the not-for-profit and community sector has lost ground with the numbers of kindergartens, play centres and kohanga reo actually falling" (Johnson, 2008: 5).

Statistics show a clear bias against poorer areas:

> "In both 2006 and 2005 the age standardised enrolment rate for pre-schoolers in ECE centres was 64.9% up from 59.7% in 2001. There is however significant variation around this national average with average enrolment rates of nearly 86% in Tauranga City down to 44% in Manukau City. The availability of ECE places in poor urban suburbs is nearly half the national average suggesting a large and lingering inequality of access for poor…" primarily Maori and Polynesian children (Johnson, 2008: 6).

Johnson (ibid) emphasises this disparity observing that in Otara there were ECE places for just 33% of pre-schoolers; 35% in Mangere and Manurewa; just 31% in the Massey ward of Waitakere City and 37% in Poriura East.

While the government programme of *Working for Families* seems to entice sole parents into work it also creates a dilemma in terms of the 'care versus paid work' trade-off:

> "The incentive appears to have worked in part by encouraging single parents with dependent children to take up work. … A question emerges around who is looking after the children given that early childhood education facilities and after school care is least common in low-income communities where single parents and welfare beneficiaries most commonly live" (Johnson, 2008: 18).

Although the aforementioned NZIER report points out that market based provision creates difficulties in terms of "information on the quality of provision [being] poor", "child protection and agency issues" and "equity issues" (NZIER, 2005) which according to the OECD all apply to early childhood education (2006), it overlooks the relevance of these problems for the ECE industry in New Zealand where: "Indeed, the ECE sector is virtually all privately owned" (ibid. 17). The report bases its conclusions merely on Anglo-Saxon examples overlooking Scandinavian best practices. Since early child care education is a public good, according to feminist economist Nancy Folbre[3] and the OECD (2006), private provisions leads to undersupply in certain areas and to inflated user costs with potential negative consequences for labour market participation of parents. A treasury paper by Varuhas et al (2003) confirms this conclusion: "Changes in the relative costs and benefits will change the payoff to working at home or in the market" (2003: 21).

Since transaction costs for parents are quite high, there is good reason for government ownership of childcare facilities. Moreover, the State has also a role to play in setting and monitoring quality criteria (OECD, 2006). Again, this is in the best interest of ECE consumers (children and their parents) because of the quite substantial transaction costs involved. The easiest way to do this is through ensuring staff are highly qualified (e.g. a requirement being that staff hold at least a Diploma of Teaching), which is a standard practice in schools and universities, and to ensure low child-staff ratios, be it for private or public childcare facilities.

In New Zealand the qualification required since 2000, is a diploma in Early Childhood Education. Since 2005, the government set a financial incentive structure which rewards high numbers of staff with such a diploma present on the floor and leading childcare centres. "By 2007, half the number of staff required to meet government teacher-child ratios – must have the diploma. By 2012, all staff meeting the government ratios will be obliged to have it" (White, 2006: 31). The State also provides for institutions and training incentives to attain this qualification. While the replacement of formally unqualified staff with employees holding the

diploma seems to create some difficulties for the industry (White, 2006; Watkin, 2005), the empirical evidence of best practice models in other OECD countries seems to support such policies (Fallow, 2004; Eichhorst and Thode, 2002, BMFSFJ, 2005; OECD, 2006). Ministry of Education (2007) statistics show that approximately 90% of ECE establishments were 'teacher-led' by July 2007. Moreover, OECD research (2006) suggests that diversity as well as high and uniform quality can be better provided in a mixed, however, publicly dominated system: "Another option is to avoid complicated regulation of dispersed systems, and opt for a well-funded, universal public system based on decentralisation and democratic participation, including the participation of private providers within the public system" (OECD 2006: 119).

In the 2007 Budget, it was announced that the government would provide funding for up to 20 hours per week in teacher led ECE services for all 3 and 4 year olds. The policy was designed to boost the level and quality of participation in the labour market by reducing the costs for parents. The initial take-up of the free service has been documented by the Ministry of Education which reported an overall take-up of 62% of all eligible entitlements. Significantly, the take-up was higher in the rural sector (over 90% in Northland, Gisborne, The West Coast, Southland and Tasman) than in the urban sector (just 51% in Auckland) with 76% of community owned establishments joining the scheme compared to only 57% of those that are privately owned. Funding is made available to providers on the condition that they do not charge any additional fees for the free hours. This change in policy has led to increased funding for the ECE sector and should alleviate some of the issues highlighted in this section although it does not change the ownership structure within the sector.

Principal Agent Model and transaction costs

It is not only evidence from best practice models that can be used to question the market based provision of ECE. Modern economic theory can also demonstrate why reliance on privately provided childcare is bound to be sub-optimal and why state regulation and/or public provision is necessary to ensure an efficient and satisfactory quality and quantity of childcare. The market for childcare provision is characterised by uncertainty about the future and asymmetric information. Child health and mental development is contingent on a plethora of influences, therefore, the formation of a child's personality and capabilities are hard to predict. The latest OECD report on ECE lists a plethora of standards and quality criteria that are nearly impossible for parents to monitor (OECD, 2006). Not surprisingly, parents, thus, find it hard to control whether childcare providers act in the best interest of their child. To leave the child at the gate of the childcare centre clearly constitutes a situation of asymmetric information in the sense of New Institutional Economics (NIE). It is probably also safe to assume that most parents are rather risk averse when it comes to the safety and comfort of their children (Himmelweit and Sigala, 2004).

Since the conditions described above with respect to the parent child care centre relationship seem to fit with all the usual elements of the principal-agent-model we decided to apply this concept to it. To our knowledge, such an application of one of the core models of NIE has not been done before[4]. Some applications of NIE to the family have been attempted. However, they focus on transaction costs and use this concept to analyse merely internal family relations (Pollak, 1985 and Wittman, 2005).

In New Institutional Economics, a situation where someone leaves a task to be done with someone else can be modelled as a principal-agent relationship. In a principal-agent model where the parents are the principals and childcare providers the agents, Q or the outcome would be an optimal child development in terms of health, social skills and personal development as well as educational achievement. In other words, Q broadly stands for the human capital gains of the child. If the aforementioned characteristics of uncertainty about the future, asymmetry of information and highly risk-averse principals are included, formal modelling shows that principals will not be able to maximize Q solely with the help of a carefully calibrated incentive structure (Furubotn and Richter, 1997; Sappington 1991). In other words, even if parents are willing and able to pay very high and/or performance based fees, a welfare optimum is not attainable in a market for childcare provision.

In formal modelling, such an incentive structure: $w = r + \alpha Q$, $0 \leq \alpha \leq 1$, where w represents the childcare centre fees, which would include r as an outcome independent component of remuneration and α as the reward paid dependent on the achieved human capital (Q) in the child. Since privately owned childcare providers have little interest in attaining a high Q because it would drive up their costs and the variance for modelling the high uncertainty of Q will be substantial. According to the logic of the principal-agent model r will have to be high and α will be close to zero. Consequently, there will be little scope for setting incentives to ensure high performance and optimal conditions in childcare centres. In the terms of formal modelling, the achieved human capital Q is going to be dependent not only on reward (α) but also effort (e) plus some random effect (μ). In other words: $Q = \alpha e + \mu$. However, the variable e (effort), which in our application stands for the quality of care cannot be sufficiently controlled and, as a consequence, the model would predict a "second best solution" with unavoidable welfare losses (Furubotn and Richter, 1997).

Following the logic of the principal-agent model leads to the further conclusion that in a private market for ECE, owners will become managers, in other words, parents will care for their children themselves. This will only change if the agent (childcare provider) is a participant in Q or has an interest in attaining high levels of human capital (in the wider sense) in children. This seems to be the case where the State acts as a public provider of regulations and facilities. State regulation can play an equivalent role to signalling in principal-agent models. It basically works towards the exclusion of false opportunistic signals (Erlei, Leschke and Sauerland, 1999). In this setting State subsidies may be distributed according to quality rankings of childcare centres in cases where they are private (Erlei et al. 1999; Sappington, 1991). The more optimal outcome associated with State provision of childcare is even more compelling given the principal-agent model is based on the assumption that e (the effort of the agent) is observable which is not the case in childcare provision as argued above. Publicly regulated and provided childcare also reduces search costs for parents. These transaction costs are not included in the principal-agent model.

According to Textor (1998), to reduce information asymmetry, parents need to gather or be given the following measures of quality for particular childcare centres: First, the number of children in class expressed in the ideal teacher: child ratio. The maximum should be "… 1:4 for children under 2 years of age, 1:6 for 2-year-olds, or 1:10 for older preschool children" (Textor, 1998: 168). Second the classroom: "… important is that the room is furnished according to children's needs and that play materials are of high quality" (ibid. 168). The number of materials or the size of the room are much less important so long as the room is not overcrowded. Third, Textor lists and explains the importance of teachers' behaviour. He stresses the continuity in the teacher-child relationship and the amount and quality of

interaction between teacher and child as well as between children: "Much of the work of good teachers is observing the children in order to be able to give feedback, to help if aid is needed, and to give new ideas to children who are bored" (ibid. 168). A further criteria, he mentions, is the carefully and clearly structured balance of time between teacher-guided activities and free play, expressed in a curriculum and yearly and/or weekly plans.

Fourth, Textor highlights: "High quality childcare is also characterized by frequent contacts, intensive communication and a good cooperation between teachers and parents" (ibid. 168). For the teacher, this involves being open to any relevant information about the child and its family, informing parents about the goals of the centre and even trying "… to influence children's development indirectly by improving their families' childrearing" (ibid. 169). Last and definitely not least: "All of this requires a very high qualification of teachers" (ibid. 169). However, Textor cautions against this general emphasis on qualification, emphasising that too much routine and too much academic orientation can have a negative effect. In addition, good, open and people-oriented leadership of childcare centres, which involves parents as well as parent-staff communication, is important for ensuring high quality childcare institutions. These criteria for reducing the ECE transaction costs for parents were summed up well in a recent *Listener* article:

> "A reasonable teacher: child ratio. For under twos 1:4, and for over-twos: 1:8. Staff involved with professional development, keeping up with trends. Strong interaction between teachers and children, and parents and teachers. Happy and busy children" (Nippert, 2005: 25).

The OECD report *Starting Strong II* (2006) supports Textor's particular emphasis on ECE teachers' qualification as the most important of all quality criteria. Nevertheless from an economic point of view, high quality has its price:

> "However, governments often fear the funding consequences of raising staff qualifications. Higher qualifications can be followed by increased wage demands, which, in turn, contribute significantly to the costs of services. Although the evidence is strong that improved training and qualification levels raise the quality of interaction and pedagogy in ECE services – similar evidence exists in favour of teacher qualifications" (OECD, 2005: 161).

Governments tend to ask: Is this the best way to spend the available budget? An emphasis on funding of ECE by the government, however, is a conscious decision to invest in human capital of future generations. In other words, it is an investment in the overall productivity of the labour force. The OECD report suggests that good remuneration and conditions of work for teachers as well as diversity of staff in terms of gender and ethnicity are key to achieving high quality ECE (ibid. 2006). A similar argument is put forward by May (2001; 2007) reflecting on the history of ECE in New Zealand. Moreover, transaction costs for information processing by parents can be avoided if the government moves to direct provision of ECE or somehow guarantees quality standards.

Private versus public

Since the debate of private versus public ownership and/or regulation in social philosophy as well as economics was present as an undercurrent in the development of the argument so far, an explicit discussion of its application to the ECE sector is appropriate. May (2007) has traced the ideological discourse back to the ECE policy development in New Zealand. According to her, public sentiment was in favour of regarding ECE as a private matter until in 1960 when the government took some responsibility in regulating childcare after a scandal of abuse in an Auckland centre. However, funding remained low until the late 1980s. May quotes former Prime Minister David Lange who described the deprived state of the sector as follows: "Like Cinderella, early childhood education has had three sisters – primary, secondary and tertiary, not necessarily ugly, but who have in various ways, bullied, ignored and exploited her … yet early childhood was the sister with potential (Lange, 1988)" (2007: 136).

Peculiarly, Lange forgets to mention the role played by the mean stepmother in the fairytale. To take the analogy a bit further, it is actually her neglect which curbs Cinderella's potential much more severely than the behaviour of her sisters. Thus the government in the role of the stepmother acted in New Zealand in the 1990s. May (2007) points to the ideological short-sightedness that led to under-funding and under-regulation of the ECE sector as follows:

> "Disappointment followed as the 'door' did not open fully (Dalli, 1994) because of a change of government and a philosophical shift favouring a downsizing in the role of government. One consequence was a rise in the private childcare sector and a 'market forces' approach to provision that sharpened the divide between community and private sector interests. Similarly, there was a deregulation of training providers that led to a plethora of different training programmes that were not always inclusive or integrated" (May, 2007: 137).

This policy direction changed considerably in 2002 when the Prime Minister Helen Clark launched *Pathways to the Future – Ngā Huarahi Arataki* (Ministry of Education, 2002). "The government made a commitment to new funding and regulatory systems to support diverse early childhood services to achieve quality early childhood education" (May 2007: 138). This shift in interest and focus of the government in the ECE sector ensued, according to May (2007), from researchers and activists who had fired up the public debate in the preceding years. However, as May sceptically emphasises that universal access to high quality childcare still hinges on an ideological debate under the spell of neo-liberalism and is:

> "…complicated by the growth in the privately owned childcare sector, which has seen investment opportunities in an area attracting increasing government funding. The government does not intend to be a provider of early childhood services and, in the main, leaves the initiatives to community and private interest" (2007: 140).

Her arguments are indicating that private ownership and provision of ECE curbs quality and affordability. In economic terms this is not an efficient institutional arrangement for the industry and its consumers.

Kamerman and Waldfogel (2005) support such a conclusion in their evaluation of the mostly private ECE sector in the United States:

> "The private sector may have a role in delivering of early childhood education and care (ECEC) programs in the United States and internationally, and it certainly has had, both historically and at present. But we would argue that the private sector should not have the dominant role because there are larger public interests involved, such as equality of access and opportunity, and because there are good reasons to believe that markets in this area will fail – in particular, with regard to the quality of care provided in general and the supply and quality of infant and toddler care" (2005: 186).

There are three reasons for this conclusion which Kamerman and Waldfogel weigh as more or less important. Market failure in ECE is due to problems of limited information (as one would expect from our application of the principal-agent model), imperfect capital markets, and the issue of externalities. The authors stress particularly the third one which moves away from the view that parents and their children are the only beneficiaries of ECE. Instead, it is particularly the positive externalities of ECE which make a strong case for government investment. A further justification they give is based on equity grounds. The inequity of childcare provision is well documented for New Zealand in the *State of the Nation Report from the Salvation Army* (Johnson, 2008). Kamerman and Waldfogel emphasise, for the USA, that: "Children of affluent families and children in families with highly educated parents are far more likely to be enrolled in ECEC than poor children or those with parents with limited education" (2005: 198).

As Kamerman and Waldfogel note the private sector in the United States consists mostly of for-profit providers and fewer not-for-profit providers. This is seen as a problem since the weight of the evidence suggests that these providers do operate differently and that, on average, for-profit providers offer lower quality care Kamerman and Waldfogel (2005). Anecdotal evidence seems to suggest that a similar conclusion can be drawn for New Zealand. Mike Bedford on Childcare Forum in Wellington January 2008 told the audience that commercial operation (in tendency) leads to just meeting the minimum requirements to cut costs. According to Bedford, an example of the negative impact of commercialisation is the use of safety surface instead of grass in outdoor play areas. This is done to reduce costs not because of health or safety issues. In a study comparing for-profit with not-for profit centres in the USA, Helburn (1995) found that: "…structural elements of quality (staff-to-child ratio, group size, staff qualifications and training) varied with profit status and were significantly higher in nonprofit than in for-profit centres" (cited in Kamerman and Waldfogel 2005: 203).
The study also documents lower staff turnover in not-for-profit compared to for-profit centres although the process quality (e.g. caregiver interactions with children) seems to be equally good in both. The Helburn study also underpins our conclusions of applying the principal agent model in that it confirms the existence of information asymmetry. A problem of inadequate consumer knowledge "… arises because parents simply do not have the information, lack the ability to evaluate quality, or do not understand that differences in quality make a difference in the impact on their children" (Kamerman and Waldfogel, 2005: 203). Thus Kamerman and Waldfogel conclude that regulation by the government is indispensable. However, regulation requires monitoring which is costly and tends to focus on merely measurable quantities (2005: 204) leads to their recommending a dominance of public provision in a mixed system.

The OECD is also largely in favour of public provisions because of the public good aspect of ECE:

> "Despite current economic orthodoxy, the experience of the OECD reviews suggests that for the moment at least, a public supply side investment model, managed by public authorities, brings more uniform quality and superior coverage of childhood populations (1 to 6-year-olds) than parent subsidy models" (OECD, 2006: 114).

The report argues society, as a whole, would benefit if children were in high-quality ECE (OECD, 2006), because it allows for reconciling work and family responsibilities on a basis that is more equitable for women and alleviates child poverty and educational disadvantage (e.g. for immigrant children). In their report for the Australian government, Wise, da Silva, Webster and Sansan, (2005) further support the importance of including externalities in an encompassing cost-benefit analysis of early childhood interventions[5]. While a monetary evaluation of such spill-overs is riddled with conceptual and empirical difficulties, Wise et al. (2005), review of international studies point to lower crime rates and fewer welfare dependants as examples of positive externalities arising from early childhood intervention.

Scandinavian benchmark and best practice model

The OECD emphasises that the European Union basically agreed to Scandinavian standards in ECE for Europe:

> "The move towards universal provision in Europe has been given a further stimulus by the 2010 objectives set by the European Union at its Barcelona meeting in 2002, encouraging member countries to supply subsidised full-day places for one-third of 0- to 3-year-olds, and for over 90% of all 3- to 6-year-olds" (OECD, 2006: 77).

The bulk of the countries already fulfilling the benchmark criteria are Nordic:

> "To date, about five countries – Belgium (Flanders), Denmark, France, Norway, and Sweden – have reached the Barcelona targets for both groups of children, although at different levels of quality. Finland also may be said to have reached the target as although the coverage rate for children under 3 (municipal and private) is 24.7%, if children under 1 are left out (in Finland, almost all parents take leave) the percentage rises to 36.7%" (ibid. 78).

The OECD report also provides an overview of entitlements to ECE provision across OECD countries. Half day free care is standard for 3-6 year olds in Finland and Sweden (ibid). The percentage of 0-3 year olds using licensed childcare arrangements: Denmark 83%, Sweden 66%, Norway 44%, USA 38%, Finland 35.7% and UK 26%, Ireland 15% (ibid. 86).

Sweden is probably the most advanced of all Nordic countries with respect to ECE provisions. What is important from a New Zealand perspective is the clear cap on what parents will have to pay for decent ECE services:

> "In the middle and late 1990s, Sweden guaranteed a place for all children of working parents and students from the age of one year and shifted the administration of its ECE program from the National Board of Health and Welfare to the Ministry of Education. In the early twenty-first century, Sweden set a maximum fee for ECE programs for all

children at no more than 2 to 3 percent of family income and guaranteed a place for all four- to five-year-olds even if their parents were not in the labor force" (Kamerman and Waldfogel, 2005: 191).

An important social policy complementary to subsidised universal high quality childcare is parental leave legislation. Again, it is the Nordic countries (Sweden, Finland, Norway and Denmark) that lead the way. However, some central European countries (Hungary, Czech Republic, Austria and Germany) provide as generous or effective (number of weeks weighted by the level of payment) parental leave provision as the Nordic countries (OECD 2006). The parental leave legislation in Sweden is one of the most generous in Europe so far:

> "The parental insurance is probably the most important part of Swedish family policy. It is for parents, not just for mothers. It started at a relatively modest level in 1974, but has been gradually extended over the years, and the current situation is that there is a parental cash benefit for 480 days, roughly 16 months, most of which is paid at 80% of the parents' qualifying income" (Bernhardt, 2007: 141).

This Swedish social policy is, however, grounded in a particular cultural value system which may or may not be agreed to and taken up by other countries:

> "The desire for greater equality between the sexes is an important reason why childcare is a priority issue in Swedish public policy. This is also one of the important reasons behind the extensive system of childcare centres (both public and private) all over Sweden – the provision of childcare should enable parents to combine parenthood with employment or studies, i.e. the purpose of childcare centres is not only to create conditions which are beneficial for children, but childcare is also for the sake of parents. It is important to understand that the Swedish welfare state is based on a dual breadwinner model. The majority of families with children in Sweden have two incomes, i.e. both parents are employed. Therefore, the benefits that encourage work and make work possible for parents, such as availability of childcare, tend to be more important than the level of, for example, child allowance" (Bernhardt, 2007: 141).

There is more emphasis on the latter in German public policy, but growing understanding among policy makers (see BMFSFJ, 2005)are such that individual payouts are less successful than the Scandinavian investment in social infrastructure (these countries mainly use supply funding instead of subsidies paid to parents. OECD, 2006).

Conclusion: adopting a Scandinavian Model?

The essence of the recommendation following from the arguments above can be found in this quote from the OECD report: "Another option is to avoid complicated regulation of dispersed systems, and opt for a well-funded, universal public system based on decentralisation and democratic participation, including the participation of private providers within the public system" (2006: 119). Given the historical development of the ECE sector in New Zealand it is likely a mixed system is more viable. However, a greater role in terms of public provision should be aimed for by policy makers. This could be achieved through:

- Continued regulation according to international quality standards.
- Turning public Kindergartens into full time providers.

- The purchase of private childcare centres to increase the share of publicly owned and administered centres.
- Opening new publicly funded and run child care centres in undersupplied areas.

The funding of up to 20 hours free ECE for every 3 and 4 year olds is an encouraging start. However, it is important to emphasise that ECE policy should not be looked at in isolation from other social policy as issues such increased working time flexibility and improved support for parental leave also impact on child care options.

In this critical review of recent literature regarding the interlinked economic issues of child welfare and parental labour market productivity and equality, a high emphasis was placed on the missing feminist economic theory and Scandinavian best practice role models in social and economic policy advice. The practical examples are universally provided high quality childcare, universal entitlements for parental leave and facilitating change in cultural role models for fathers. We do not include in our analysis whether parents prefer to stay at home with their kids or not. The interesting question, whether a shift from a culture of "maternalism" and the "male breadwinner family model" toward dual earner parenthood is happening in New Zealand remains unanswered in this article[6]. We simply start from the assumption that being financially independent and having work as a means of self-fulfilment and self-confidence is potentially beneficial for both parents. Moreover, from a macro-economic perspective well-educated, highly skilled and motivated stay at home mothers are a loss of potential economic growth.

However, the question is: "What is needed for New Zealand to overcome the trade-off between equality and efficiency and to follow the lead of Denmark, Finland, Norway or Sweden?" Apart from an (unlikely) acceptance of much higher per capita and much steeper progression of tax levels (Callister, 2005), there are a number of other considerations. For example, partially because of strong and sustainable labour unions, and a tradition of tripartite consensus oriented negotiation in employment relations, Scandinavia has a much higher average wage level compared to New Zealand. Are such path dependent traditions transferable from one country to the other? Moreover, a different institutional and ideological context led to the prevailing perception in Scandinavia that raising children is a public responsibility not solely a private one. Additionally, it is more widely accepted that fathers have a distinctive and active role to play in child rearing. Thus, while the vision might be attractive, the question of a possible transformation toward a 'Scandinavia of the South Seas' would require far more sweeping change.

Notes

[1] In much of the international literature the acronym ECEC is used emphasising the social pedagogy approach to care, in New Zealand the shorter version ECE is used interchangeably

[2] The term *family life cycle squeeze* was coined by Valerie Kincaid Oppenheimer (1975) 'The Life-Cycle Squeeze: The Interaction of Men's Occupational and Family Life Cycles', in *Demography,* 2(2), 227-245 to describe particular periods when families find it financially difficult to make ends meet. She empirically demonstrated that the squeeze is experienced by working class and middle class families at different points in their life time (considering the age of parents and children) and with different degrees of tightness.

[3] "To say that children are public goods is not to say that everyone should raise them or that we need a greater number of them. Rather, it is to say that once they are brought into this world, we all have something to gain from fully developing their capabilities. Parents should take responsibility for their children. By the same token, the

public should accept responsibility for recognizing, rewarding, and supplementing parental efforts" (Folbre, 2001: 111).

[4] Others have applied this model to social policy areas like: 'transfers to families' (Cigno, Luporini and Pettini, 2003) or 'long-term care insurance' (Zweifel and Struwe, 1998).

[5] Note that interventions as used by Wise et al. include more than just provision of childcare

[6] A recent study that began to explore this question by examining the decisions related to paid work made by people with child care responsibilities was undertaken by Gendall and Fawthorpe (2006), see also McPherson (2006).

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The role of the State in family-friendly policy: An analysis of Labour-led government policy

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Abstract

Since 1999, the Labour–led governments have introduced several public policy initiatives to encourage women into the paid workforce. However, this article argues that the changes have not gone far enough, and they require families to fit around work rather than change the way that paid work is organised. In particular, the article suggests that legislation, policy discussions and government sponsored research have largely been based on the 'business case' rationale. Reliance upon the 'business case' has resulted in the importance of unpaid care work being overlooked with an emphasis on individual responsibility for balancing work and family life. Overall the needs of working parents are not being fully met.

Introduction

New Zealand appeared in approximately the bottom third of countries in the gender equality index of a recent international comparison of parental leave policies in 21 wealthy countries (Ray, Gornick and Schmitt, 2008).The gender equality index was based on the portion of leave available to fathers and the percentage of earnings replaced during periods of leave. Overall in the analysis of parental leave for both parents, New Zealand was only just above the median of all countries. The key best practices identified by the study were "(1) generous paid leave; (2) non-transferable quotas of leave for each parent; (3) universal coverage combined with modest eligibility restrictions; (4) financing structures that pool risk among many employers; and (5) scheduling flexibility" (Ray, Gornick and Schmitt, 2008: 3).

New Zealand government policy has addressed these issues through paid parental leave, and granting employees the 'right to request' flexible work schedules, including part-time hours. However, this paper argues that policy and legislation is based on a strong business case rationale to improve business, or economic outcomes. The effect of this is that responsibility for 'managing' work and family life remains with the individual and "the structural constraints that frame work-life choices are made invisible" (Hall and Liddicoat, 2005; Zacharias, 2006: 33). The risk, for individuals, in this is that once the economic imperative for these policies is removed, the policy may too be seen as unnecessary and working parents will struggle to manage their work and home responsibilities.

New Zealand has had minority led Labour governments since 1999. During this period the Labour-led governments have introduced significant changes to employment legislation and social policy in order to improve conditions for working parents (see Table 1 below). Besides being in accordance with Labour's policy platforms, these changes have been in response to

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several labour market changes, including changes to workforce demographics. Statistics show higher overall participation rates and consistently low unemployment rates in the new millennium. With more people overall in paid work, it is not surprising that the number of families with two parents working has increased. Census data from the 2001 New Zealand census show that the percentage of women working in two parent couples with children had increased significantly:

> "In 2001, 36.8 per cent of mothers in opposite-sex couples with dependent children were employed full time, up from 31.4 per cent in 1991, while 30.9 per cent were employed part time, up from 26.9 percent in 1991 (Statistics New Zealand 2001b). The high level of working families has been confirmed by preliminary results from the 2006 Census data. It is also similar to the experience of Australia where '60 per cent of women and 90 per cent of men in the workforce [are] part of a two-parent household with dependent children". (Burgess, Strachan and Henderson, 2007: 415)

Therefore, as it might be expected, the female participation rate for the March 2008 quarter was 61.1 per cent (Statistics New Zealand 2008). This rate is close to the highest recorded rate of 62.2 per cent in the June 2006 quarter (Statistics New Zealand, 2001a). However, the New Zealand Household Labour Force Survey shows that, overall, unemployment levels for the March 2008 quarter are at a low level of 3.6 percent and that the labour participation rate is at 67.7 per cent (Statistics New Zealand 2008). These levels are consistent with those of recent years with the labour participation rate reaching a high of 68.8 per cent, which was reported in survey results in the June 2006 quarter (Statistics New Zealand 2001a).

Table 1: Summary of policy, legislation

Date	Title	Key points
2002	Parental Leave and Employment Protection (Paid Parental Leave) Amendment Act 2002	To include12 week government payment for eligible employees. Leave under the act falls into 4 types: maternity leave of up to 14 weeks, paternity/partners' leave (unpaid) of up to 2 weeks, extended unpaid leave. Total amount of leave between two parents is 52 weeks.
2004	Parental Leave and Employment Protection Amendment Act 2004	Period for above payments extended to 13 weeks Eligibility for leave changed to *average* of 10 hours per week from the *minimum* of 10 hours per week immediately preceding 6 or 12 month period
2005	Working for families	Financial package offering combinations of housing assistance, childcare subsidies and tax credits for working families
2005	Parental Leave and Employment Protection Amendment Act 2004	Period for paid parental leave payments extended to 14 weeks
2006	Parental Leave and Employment Protection Amendment Act 2004	Amended to include paid parental leave for those who are self-employed
2007	Employment Relations (Flexible Working Arrangements) Amendment Act 2007	Employee who are responsible for the care of any person has right to request flexible working practices (hours, days or place of work)
2007	20 hours' free child care	Up to 20 hours free child care for 3 and 4 year olds at eligible early childhood centres.
2008	Employment Relations (Breaks, Infant Feeding, and Other Matters) Amendment Act 2008	Required designated facilities and breaks for employees who wish to breastfeed in the workplace or during work periods. Employees provided with rest and meal breaks.

The focus of these recent government initiatives, listed above, is on increasing labour force participation by encouraging parents into paid work with more government support available for working families. While it could be said that this is in response to the need to increase labour force participation, particularly women, it also recognises that there are an increase in families with two parents working, and that there are increased costs associated with the return to work, such as childcare (Hall and Liddicoat, 2005; Pocock, 2006).

This paper will discuss how, rather than recognising the importance of unpaid care work, government initiatives support childcare for parents in paid work, thus making families fit around current work practices rather than promoting long-term change to the way we work (Black, 2006a; Lewis, Gambles and Rapoport 2007; Zacharias, 2006). These initiatives aimed at persuading parents to enter back into the workforce are consistent with the business case approach found in most of the research conducted by government departments and commissions (summarised below in Table 2).

Table 2: Summary of relevant Government research and publications

Government Department	Departmental Objectives	Key points
Department of Labour	To improve the performance of the labour market and, in turn, strengthening the economy and increase the standard of living for those in New Zealand	'personal', 'managing family life', individual choice
Ministry of Social Development	To help families and whānau be safe and resilient; to be successful and have the ability to provide for their own needs.	Long and short term benefits
The Families' Commission	To highlight issues that affect families	Long term benefits, publications still focus on 'individual choice' for work-family issues.
Ministry of Women's Affairs	Action plan for Women	Focus on importance for women to be in *paid* work (Kahu and Morgan, 2007)

What is the business case for family-friendly policies?

The rationale for the business case is formed on the basis that family-friendly policies will improve the bottom-line and outcomes such as recruitment, retention and performance. The business case rationale for introducing family-friendly policies justifies the introduction of family-friendly policy on the basis that it will improve bottom-line business outcomes such as recruitment, retention and performance (Charlesworth and Baird, 2007; Hyman and Summers, 2007; Liddicoat, 2003; Zacharias, 2006). Doherty (2004) finds the business case to be strong motivation for employers to implement family-friendly policies and this has also been proven in New Zealand. An EEO Trust survey found that the foremost reason for having work-life balance policies was to recruit the best employees. Productivity and general business benefits were also important, with social responsibility listed as the last reason (EEO Trust, 2006). Still, given the labour shortage being experienced in New Zealand, introducing family-friendly policies for these reasons would be seen as an imperative.

However, the business case rationale has been criticised because business needs are prioritised over employee needs (Pringle and Tudhope, 1996). Furthermore, Zacharias finds that the use of the business case for introducing family-friendly policies "takes the current ways of organising workplaces and private lives for granted" (2006: 34), and as a result, runs the risk of gendered organisations and work practices being left unchallenged (Zacharias, 2006). Work practices are largely based on gendered ideas of the 'ideal worker', someone who has no care responsibilities or significant commitments outside of paid work. Assumptions of this ideal worker contribute to workplace cultures of long hours and exclusive loyalty (Eaton, 2003; Pocock, 2003; Williams, 2000). It has been suggested that family friendly policies, such as child care support, place more importance on the 'ideal worker' while policies, such as flexible places of work or hours of work, integrate variations from the standard (Budd and Mumford, 2004). Initiatives such as parental leave and sick leave to care for dependents do not challenge the accepted 'norms' of work. They do, however, allow temporary breaks from work for care of dependents, but upon return to work the norm must be adhered to. These policies, therefore, aim to fit employees' lives around the accepted way of working rather than changing organisational culture. Furthermore, an emphasis on individual responsibility in the business case focuses on creating more 'choice' for individuals. The discourse of choice for individuals removes the responsibility from organisations, and society to change workplace practices; the onus is then on the individual to 'manage' their own work and home responsibilities (Lewis et al. 2007).

While family-friendly policies are seen as a way of attracting and retaining good employees, Doherty (2004) argues that use of the business case may lead to family-friendly policies being seen as a short-term solution until business conditions change. Zacharias too suggests that the business case is a 'fair-weather' solution and that "these policies may be discarded once these favourable economic conditions deteriorate" (2006:32).

Is government relying on business case?

Charlesworth and Baird (2007) noted that when organisational effectiveness was interpreted as a 'narrowly framed business' case, the link between gender equity and organisational effectiveness was easily lost: "when the rationale for gender equity disappears, it becomes very hard indeed [to] get gender on the agenda" (Charlesworth and Baird, 2007: 399). The consequence, in terms of policy, is that if the business case is the rationale for the introduction of family-friendly policies, the focus of these policies is likely to be for the short term, and the underlying conditions that create tension between paid work and family will not change. The business case rationale justifies family-friendly policies because it is seen to improve business outcomes. The following section provides examples of how government policies and initiatives to support working families have relied upon the business case rationale, in particular:

- The Employment Relations (Flexible Working Arrangements) Amendment Act 2007
- The Parental Leave and Employment Protection Act 2004
- Financial support for working families: Working for Families and free childcare
- Government sponsored research

A significant amendment to the Employment Relations Act was passed by Parliament in November, 2007. The Employment Relations (Flexible Working Arrangements) Amendment Act 2007 allows employees with children under the age of five or with disabled children the

right to request changes to their working hours (Transport and Industrial Relations Committee 2007). The legislation constitutes as a clear example of the prevailing business case rationality behind family-friendly policies. The Flexible Work Amendment Bill was introduced as a private member's Bill by Green Party Member of Parliament, Sue Kedgely in 2005. In its original form, the Bill focused only on working parents with children, and entitled employees to request changes to how they worked. It encouraged employees to challenge the currently accepted modes of work and questioned the way that work is structured, and acknowledged that the 'traditional' way work is carried out is often unsatisfactory, particularly for parents.

The 'business case' rationale became apparent during the consideration of the Bill by the Transport and Industrial Relations Committee. The Transport and Industrial Relations Committee recognised the benefits to employees and employers of a culture that allows flexible working arrangements as they would widen the recruitment pool (Transport and Industrial Relations Committee, 2007). Recruitment and retention is a key focus of the business case rationale, as mentioned earlier.

Accordingly, business needs are prioritised over those of the employee and it is the individual, rather than the organisation, who takes responsibility for 'managing' their family and work lives (Lewis et al 2007). The emphasis in legislation is on the *individual employee* to take the responsibility of managing their family-work balance, rather than the employer. Not only does the employee have to signal that they want to make changes, they must also specify the changes, provide information on how this might impact their work and suggest solutions to mitigate any negative impact. Under the Act, the employee is required to make their request in writing to the employer and state whether they were requesting a permanent or temporary change, and, if temporary, when it would end. However, there are several grounds upon which the employer may refuse the request for change to working conditions. These include: detrimental effect on quality, performance and ability to meet customer demand; inability to reorganise work among existing staff; inability to recruit additional staff; planned structural changes and burden of additional costs. Although the Act allows changes to working conditions that do not necessarily fall within traditional ways of working, it places the responsibility onto the individual employee rather than the organisation to find or suggest ways that work and family/care responsibilities can be better combined. Thus, the needs or outcomes of the business are prioritised over those of the employee.

A second example of the business case rationale in legislation is the Parental Leave and Employment Protection Amendment Act. Under the Act, there are several types of leave available to mothers and their partners. They include unpaid special leave of ten days to cover appointments associated with pregnancy; maternity leave; unpaid partner's leave; paid parental leave and extended leave. The maximum number of weeks leave that may be taken between a couple is 52 weeks extended leave plus the unpaid partner's leave entitlement. All of the types of leave are based on continuous service for a minimum of six months and an average of ten hours per week or more. Women with six months' service would be entitled to the special leave during pregnancy and fourteen weeks' paid parental leave. A partner with six months' service would be entitled to one week's unpaid leave. A woman with twelve months' service would be entitled to have extended leave to a maximum of 52 weeks, including the paid parental leave. Her partner, given the same service requirements, could share the extended leave entitlement and would be entitled to two weeks' unpaid partner's leave in addition to that. Self-employed women are entitled to paid parental leave with the same service requirements. Women or their partners who do not meet the service requirements are not entitled to parental leave (Department of Labour, 2007b).

In New Zealand, women make up the majority of part time and casual workers (Statistics New Zealand, 2001b). The Paid Parental Leave and Employment Protection Amendment Act 2004 has been criticised because eligibility is dependent on continuous service and minimum hours of work. This means that many women who are employed casually or on fixed term agreements may not be eligible for paid parental leave. Women who have worked part-time, but not on consecutive week (as one hour per week is required with at least forty hours per month), also, do not meet the requirements. The eligibility of women who have recently taken maternity leave, and wish to do so again for a subsequent child is also restricted. They must, once again, meet the continuous employment requirements with one employer criteria in order to be eligible for the leave.

Thirdly, the government has, in recent years, introduced two initiatives aimed at encouraging more parents into paid work. The first is *Working For Families*, which is a financial package for only those parents who are in paid work. It offers a combination of housing allowances, supplementary payments, tax credits and childcare subsidies (both for pre-school and after school care). It was introduced in 2004 and is available to all families earning $70,000 per annum or less and some families (with several children) earning up to $100,000 per annum or less (Working for Families, 2007). One of the requirements for eligibility is a minimum total hours of work per week for the household. The emphasis on paid work, again, reflects the 'business' imperative of encouraging parents into paid work. A consequence of the minimum cut off is families needing to fit around standard work organisation. The second initiative, which was effective from 1 July 2007, was the introduction of twenty hours free childcare for all three and four year olds in New Zealand. While the impetus for this was to provide pre-school education for children, it also supports parents in paid work by easing the financial burden of childcare. The policy of supported childcare, again, assumes that work organisation cannot be changed to accommodate families and instead families need to fit in around work requirements.

The research and policy advice of governmental agencies follows a model that focuses on individual choice and responsibility and, excluding that of the Families Commission, is driven by a business case rationale to improve economic and business outcomes. An example of the prevalence of the business case in governmental research is the New Zealand Department of Labour. The Department has been pivotal in providing research that investigates work practices and how they can maximise economic productivity. The purpose of the Department of Labour is indeed "to improve the performance of the labour market and, through this, strengthen the economy and increase the standard of living for those in New Zealand" (Department of Labour, 2007). Its role, amongst others, is to provide information and support to improve workplace productivity. The Department of Labour has two major research initiatives; one is in work-life balance and the other, work productivity (Department of Labour, 2007). The language used by the Department of Labour's description of work-life balance, for example "…deciding on and maintaining an appropriate balance between our work life and our personal life is an individual responsibility", focuses on individual choice and needs, and describes managing family life as one would describe managing a business (see the Department of Labour report *Lessons from the Workplace Project*, 2008: 48). In line with a business case rationale, this form of nomenclature is translated and normalised into workplace practices.

In contrast to a focus on the economic prospects of the country, the Ministry of Social Development undertakes social research on children, youth, family and community. The Ministry works strategically to bring about long term benefits, while, also, endeavouring to find short term solutions (Ministry of Social Development, 2007). This combined approach is evident in research published by the Ministry in 2006. The research *Work, Family and Parenting* investigated the effect on children of work-family choices made by parents and how families could be supported to minimise negative work spillover. The methodology behind the research was one that focused on individual choice and preferences in combining work and family life, which is in line with the business case's emphasis on individual responsibility. The research did recognise, however, that individual choices are often made within constraints such as financial constraints (Colmar Brunton, 2006).

Another Government Department that has undertaken research in the family-work area is the Families Commission. The Families Commission's purpose is to highlight issues that affect families and disseminate this information across government agencies and the community (Families Commission, 2007c). The Families Commission takes an approach that centralises family concern, rather than social and economic development. It included work-life balance and quality flexible work as a focus for 2007. The Families Commission recently published research on parental leave in New Zealand, and its findings were that "New Zealand can do better to give parents real choices around how to balance their employment and family responsibilities" (Families Commission, 2007b: 11). The findings of the Families Commission's research will be discussed in detail later in this paper. However, despite its family centred approach to work-life balance, in a pamphlet aimed at working parents, the Families Commission emphasises steps that *individuals* can take in order to provide better balance in their lives (Families Commission, 2007a). This is consistent with the business case approach of individual responsibility for achieving balance, rather than workplace change or responsibility (Lewis et al. 2007).

How do we know that the policy changes are not enough?

As indicated earlier in this article, New Zealand does not perform particularly well in international comparisons of support for family-friendly policies (Ray et al. 2008). This is confirmed by data from different sources within New Zealand – reports in popular media; statistics showing women are over-represented in part-time work; level of payments made to women on paid parental leave and research conducted by the Families Commission.

Reports in media indicate that New Zealanders still feel tension between work and family. Laila Harre, who was instrumental in developing New Zealand's Parental Leave and Employment Protection (Paid Parental leave) Amendment Act 2002, has been quoted as saying that government and workplace policies do not give people genuine choice about whether to work or not: "All our social policy is designed around the choice of whether to work or stay home being available only to people who have partners who can support them financially, so it's not a choice" (Harre cited in Black, 2006b). In addition, an ACNeilsen survey of 1000 New Zealanders published by Relationship Services found that of "more than half of the population want more time with their children (66 per cent of men, 52 per cent of women) and close friends (54 per cent on average)" (cited in Collins, 2006). A prominent New Zealand journalist, who left the profession, amongst other reasons, to gain more time with family and friends, was quoted as saying that: "…policy makers only look at work/life balance in terms of providing more childcare whereas the real answer will only come from redefining work so that women can feel they are achieving and be perceived as achievers

without having their kids parked eternally elsewhere" (Black 2006a). In short, these media reports indicate that the regulatory framework still does not support women in paid work with children.

While, according to OECD statistics, the average annual hours worked has decreased since 2001, New Zealand still rates as one of the highest in terms of numbers of hours worked per person. New Zealand ranks above Australia, Canada and Japan, amongst other countries (OECD 2007). Burgess and Rasmussen (2007) found that the average hours worked per week has increased in both Australia and New Zealand since the 1990s. This increase includes an average growth in household working hours and a change to when the hours are worked. Hours of work have changed so that the standard working week of daylight hours, Monday to Friday, is no longer as common as they were previously. While average working hours in New Zealand have decreased a little since 2001, Burgess and Rasmussen found that "there appears to be a tacit acceptance that working hour trends have been reversed permanently and will continue to either increase or stay at a high level" (2007: 9). One effect of a labour shortage is, indeed, an increase in the number of hours worked by individuals (Callister, 2005). While increased working hours poses many problems, it is of concern to employers trying to attract parents of children into the paid workforce. The increase in working hours also has an impact on parents' decisions to work because they need to arrange childcare to cover longer hours and choose to spend less time with their family.

Another indicator of women's efforts to combine paid work and family responsibility is the proportion of women working part-time. Of those working part-time, the majority were women "with almost two and a half times more females working part time than males" (Statistics New Zealand 2001c). In Australia, part-time jobs are held largely by women in their childbearing years. Pocock's interpretation is that "they have essentially adapted the traditional Worker-man/Carer woman model by adding a half-time wage earning role to the duties of women" (2003: 165). It could be inferred that the reasons for most of part-time work being done by women in New Zealand are the same.

Strachan and Burgess (1998) found that if employment should generate enough income to support a family then paid parental leave should also provide sufficient income to support a family. However in 2008, paid parental leave was paid at a *maximum* of $407.36 compared to a *minimum* of $480 per week for a 40 hour week under minimum wage legislation (Department of Labour, 2008). Minimum wages are based on a minimum standard required to meet an acceptable standard of living. This would suggest that the parental leave payments would not be adequate to provide a certain standard of living. It could also be implied that as the maximum amount payable for paid parental leave is lower than the minimum wage, care or family work is, indeed, less valued than paid work, and that parental leave payments would probably not be sufficient to support a family.

Following research with New Zealand families, the Families Commission found that while recent changes to legislation had made improvements, there were further changes that should be made. The recommendations of the report were that government funded paid parental leave should be extended to 13 months by 2015; that eligibility should be extended to those who had been in employment but may have experienced 'gaps' in employment or changed employers in the previous 6 months and that requirements of minimum hours per week be removed (Families Commission, 2007). They also found that the level of parental leave payments should be increased in order to lessen the burden on families.

Conclusion

While several positive changes to legislation and government policy were made during the period of Labour-led governments in New Zealand from 1999, these changes were grounded in a business case rationale. The significance of this is that they favoured individual responsibility for 'managing' family and paid work responsibilities. They focused on the positive outcomes for business and the economy in the short-term, rather than long-term change and outcomes. While acknowledging the responsibilities of working families, the legislation encouraged families to shape their lives around work rather than changing how we expect work to be done. Furthermore, another criticism of the business case rationale is that when the circumstances supporting the 'business case' change, the policies may be removed. There could not be a clearer example of this than an announcement by the prime minister in the lead up to a general election in November 2008. Prime Minister Helen Clark announced that her party had intended to extend paid parental leave, but would now abandon the policy given the emerging global financial crisis (Trevett, 2008).

It has been argued that, in order for working families to have real choice in how they balance their responsibilities, systems and institutions of work must change. This has not yet happened in New Zealand and it is predicted that the next few years, with a change in economic conditions and a newly elected centre-right government, it will show how Labour-led policy was based upon the business case rationale and how this has weakened or restricted the improvements possible for working families.

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A Contested Workplace: Situating New Zealand's OHSM Regulatory Practice within the Literature – an Introduction to the Policy History and Regulatory Debates

JOHN WREN[*]

Abstract

The implementation of New Zealand's Occupational Health and Safety Management (OHSM) regulatory regime has been subjected to sustained critique by the National Occupational Health and Safety Advisory Committee (NOHSAC). The most recent critique focuses upon the perceived inadequacies of current standards and guidance documents about what occupational health and safety management systems (OHSM systems) best practice means for employers. This paper provides an introduction to the literature, history, and policy debates about occupational health and safety (OHS) regulatory practice in advanced western nations. New insights in the recent literature pointing to the importance of understanding 'regulatory character' and the overlapping and often conflicting regulatory nature of the workplace space are identified. The insights raise questions about the role of a workers'' compensation scheme in promoting workplace safety, and suggest that in order to implement a best practice OHS regulatory regime in New Zealand action on a number of fronts is required.

Keywords: OHSM regulation, OHS management systems, policy, best practice, literature, history, regulator, workers' compensation scheme

Introduction

The functioning of New Zealand's occupational health and safety regulatory system has been under scrutiny by the National Occupational Health and Safety Advisory Committee (NOHSAC) since 2003 (Pearce, Dryson,Gander, Langley and Watsatffe, 2007, 2008; Allen and Clarke et al 2006; Kendall, 2005, 2006; Access Economics et al 2006; Pearce et al. 2005; VIOSH et al, 2006; Driscoll, 2006; Driscoll et al. 2004; Pearce et al. 2006; Driscoll et al. 2005; Health Outcomes International Pty Ltd, 2005). NOHSAC members represent a range of expertise within the broad fields of occupational health and safety, and provide independent advice to the Minister of Labour on occupational health and safety in New Zealand. The most recent advice to the Minister of Labour is critical of the failure of the Department of Labour to develop adequate standards and guidance documents about what occupational health and safety management systems (OHSM systems) best practice means for employers (Pearce et al. 2008).

This paper provides an introduction to the literature, history, and policy debates about occupational health and safety (OHS) regulatory practice in advanced western nations. New insights in the recent literature pointing to the importance of understanding 'regulatory character'

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and the overlapping and often conflicting regulatory nature of the workplace space are identified. These insights suggest that in order to implement a best practice OHS regulatory regime in New Zealand requires action on a number of fronts.

The review is organised around the following themes:

1. Contours of the OHS policy literature and policy issues;
2. Outline of the current dominant regulatory approach to OHS regulation in advanced western nations;
3. Issues relating to current regulatory approach in advanced western nations, and evidence for effectiveness of the approach;
4. New Zealand specific issues within the current regulatory regime;
5. Based on the proceeding evidence, identification of questions about the possible the role of workers' compensation authority.

An inductive approach was also used to inform this literature review. The approach serves three purposes:

1. The identification of the range of theories and methods that have been used to describe and explain the process of OHS regulatory change, and the outcomes that have occurred in various countries.
2. The identification of "enduring patterns and relationships" (Hakim, 1987) across time and cultures about the origins of OHS regulatory change, the factors that commonly determine the final outcome, the policy issues commonly debated, and the policy positions taken by participants in the debates.
3. The development of a cumulative and critically aware body of evidence that can be used to inform the discussion of New Zealand's occupational safety and health policy as expressed in its current regulatory form.
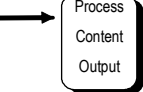
Wren (1997; 2002) argues that the literature can be classified into approaches informed by Pluralist theory, Marxist theory, Industrial relations, Historic-legal method, Public choice theory, and Critical theory (Wren 1997; 2002). This review summarises and updates Wren's original analysis.

Contours of the OHS Policy Literature and Policy Issues

Over the last 30 years a sizable and diverse body of literature has developed describing and exploring the origins, causes of change, and policy debates around OHS regulation in many advanced western nations (Wren 1997; 2002). The general shape of this literature is characterised in Figure 1.

Figure 1: Types of occupational safety and health policy research and their explanatory orientation

Spectrum of Research Orientation

Types of Policy Research Questions			Types of Explanatory Emphasis				Level of Evidence	
Question 1 Basic	Question 2 Focus	Question 3 Approach	Key Agents	Source of Conflict	Number of Causes	Analytical Critique	Testability of Hypotheses	Level of Evidence
Explanatory Orientation 1 ➤			**Individuals Interest Groups Elite Groups**	**Ideas and Values**	**Single**	**Technocratic (Values and norms of the social system un-questioned.)**	**High falsifiability**	**High**
Analysis *of* Policy → [Process Content Output] → [Comparative Descriptive Explanatory and Policy as: Independent or Dependent variable]			Pluralist theory / Historical-legal Method / Industrial Relations / Marxist theory	Pluralist theory / Historical-legal Method / Industrial Relations / Marxist theory	Marxist theory Industrial Relations Pluralist theory / Historical-legal Method	Pluralist theory / Historical-legal Method Industrial Relations / Marxist theory	Pluralist theory / Industrial Relations / Historical-legal Method Marxist theory	Marxist Historical-legal Method / Pluralist Industrial Relations
Explanatory Orientation 2 ➤			**Class**	**Material (Economics)**	**Multiple**	**Radical (Values and norms of the social system questioned.)**	**Low falsifiability**	**Low**
Analysis *for* Policy { Evaluation Information Policy advocacy Process advocacy } { Public Choice Theory Feminist Critiques Green Critiques, etc. }								

Source: Adapted from Wren (1997).

The taxonomy suggests that there a number of types of OHS regulatory policy literature each of which have a predominant explanatory orientation. The orientations are towards:

- Either 'analysis of policy' or 'analysis for policy;
- A foci upon process, content, output type research questions, or towards evaluation; information, policy advocacy or policy process type questions
- Particular sets of explanatory emphasis;
- Different types of research evidence to support the conclusions reached.

Analysis '*of*' policy refers to analyses aimed at achieving understanding of the policy change process and the issues involved. Analysis '*for*' policy is concerned with solving the policy issues, and advocating for a particular solution (Ham and Hill, 1993; Hogwood and Gunn, 1981). This distinction has also been referred to as 'writing about public policy' and "referring to public policy" (Ilchman and Uphoff 1983). In contrast, the problem of research orientation has been phrased as a 'unit of analysis question', is the unit of analysis the policy 'process' or the policy 'network', or is it the policy 'program' (Rainey and Milward, 1983).

Theoretically inclined Marxist accounts of occupational safety and health policy change are predominantly found within the sociology of health and illness and the sociology of law literature respectively (Wren 1997; 2002). The accounts emphasise class conflict, and that the content of any policy is determined by who has control of the legitimate core decision-making apparatus. Countries studied include the United States (Berman, 1977; 1978; Craig, 2007; Curran, 1984; Navarro, 1983; Wysong 1992; 1993; Calavita, 1983; Navarro 1978; 1980; Coye, 1979), Canada (Sass, 1986; 1989; 1993; 1995; Walters, 1983; 1985; 1991), United Kingdom (Clutterbuck, 1983; Dalton 1992), Italy (Assennato and Navarro, 1983; Navarro, 1983), Mexico (Laurell, 1979), India (Vilanilam, 1980), and Australia (Pearse and Refshauge, 1982; Carson, 1985; 1989; Carson and Henenberg, 1988). Cross-national surveys looking at the reasons for the various forms of government occupational health service provision that can be found in some capitalist countries and former east-European socialist states have also been undertaken (Elling, 1977; 1980; 1989; Greenlund and Elling, 1995).

In Marxist analyses the origins of change in OHS policy in the 1970s are attributed to pressure from rank and file trade union members upon organised union leadership for more attention to be paid to health and safety at work. The advent of this pressure has been linked to the perception that the then existing arrangements were not working, and were incapable of controlling new hazards arising out of new technologies and production methods. In explaining the change outcomes, emphasis is placed upon the historical conflict between workers' and employers over control of the means of production. In addition, where change has been deemed favourable to workers', this has only occurred where labour has had the political and or economic advantage. The policy issue of particular attention is the workers' right to know about the hazards of the job, the right to be informed about the results of any monitoring of their health or the work environment, and the right to refuse dangerous work.

Within this stream of literature a diversity of opinion exists about how to explain the changes. A number of writers for example, emphasise the determining influence of the level of political power that can be mobilised by the representatives of labour. Other authors highlight the functional role played by the state in maintaining the economic system. Some researchers focus upon the role of ideology in constraining the way OHS policy is thought about by policy makers, academics, practitioners, and managers. Still more authors have argued that much OHS law is only of symbolic value, while others have commented that even symbolic law can come to have a positive effect in the longer term.

In contrast, pluralist analyses, argue that often a particular policy reflects the current level of knowledge, values and beliefs of decision-makers, and emphasise the role of conflict over different values and ideas as the motivation behind change. The influence of different institutional political arrangements in the United States, Canada, United Kingdom and Germany are highlighted as explanations for different policy outcomes (Ashford, 1976; 1988 ; Kelman, 1981; Singleton, 1983; Wilson, 1985; Doern, 1977; 1978; Doern and Wilson, 1974; Kelman, 1980; Mendeloff, 1979; Grabe, 1991; Boehringer and Pearse, 1986). Political science perspectives put emphasis upon the contingent and incremental nature of much policy change, and highlight the role of organisational behaviour and power (Lindblom, 1959; 1979; Lindblom and Woodhouse, 1993; Mendeloff, 1979).

Historical-legal studies represent a large part of the literature on OHS policy in western nations. The studies tend to highlight four factors. First, as pointing to the existence of a combination of state and society centred technological, economic and industrial factors as influencing change. Second, there is an inclination towards emphasising the historical specifics and contingency of legislative developments. Third, a focus upon changes in the 'legal interpretation' of the law pertaining to health and safety and accident compensation, which is particularly applicable to studies that appear in the legal literature on changes in British health and safety law. The last is the use of comparative social-historical narrative for explanation. The literature draws attention to the importance of understanding how different legal systems and terms reflect differences in values and ideas about the role of law in controlling safety at work, the economy, and efficiency in government intervention. Studies have been undertaken on change in the United States (Altman, 1976; Levenstein, 1988; Orloff and Skocpol, 1984; Szasz, 1984; Brodeur, 1974; Davidson, 1970; Moss, 1994; Page and O'Brien, 1973; Donnelly, 1982; Heath, 1986; Peters, 1986; Muraskin, 1995), Australia (Biggins, 1993; Creighton and Gunningham, 1985; Gunn, 1990; Gunningham, 1984; 1987; James, 1993), France (Cassou and Pissarro, 1988), Germany (Hauss and Rosenbrock 1984), Italy (Bagnara, Bioca and Mazzonis, 1981), United Kingdom (Hutchins and Harrison, 1966; Steemson, 1983; Thomas, 1970; Woolf, 1973; Baldwin, 1990; Barrett and James, 1988; Eberlie, 1990; Harrison, 1995; Barrett, 1977; Howells, 1972; 1974; Lewis, 1974). Other authors have undertaken similar studies that combine an element of social history with an emphasis on legal interpretation (Burrows and Mair, 1996; Dawson, Willman, Bamford and Clinton, 1988; Drake and Wright, 1983; Fitzpatrick, 1992; Friedman and Ladinsky, 1967; Hepple and Byre, 1989; Barrett and Howells, 1995; Holgate, 1994; James, 1992; Miller, 1991). Cross-national comparative studies of the development of factory legislation in advanced western economies have also been done (Gordon, 1988; Singleton, 1982;1983; Weindling, 1985).

Public choice theorists and economic rationalists though, argue that decisions about OHS policy should be determined by economic rationalist models of the behaviour of organisations and individuals in a free market. Rationalist models conceive of the policy process as analytically separable components or 'boxes' that form a sequence of events called the policy process, and that policy-making is about maximising social gain and policy-making should be about the rational consideration of all alternatives, including competing values, costs, and benefits (Dye, 1987; Pierson, 1991). Rationalist approaches to occupational safety and health policy fit within the area "analyses *for* policy" in Figure 1, and uniformly present economic arguments about the degree to which government should or should not intervene in occupational safety and health (Diehl and Ayob, 1980; Smith, 1974; Steigler, 1971; Viscusi, 1979; 1983; 1996; Coase, 1960; Dorman, 1996; Oi, 1973; 1974; Rinefort, 1980).

While it can be seen that the literature is quite diverse in the explanations put forward, there is a remarkable consistency across all the studies and countries about what the core policy issues are in advanced industrialised nations irrespective of the dominant political ideology, type of legal system, the particular experience of industrialisation, or country examined (Wren, 1997; 2002; Frick, Jensen, Quinlan and Wilthagen, 2000; Bohle and Quinlan, 2000). The first issue, around which there is extensive debate, concerns what is the appropriate role for workers' and their representatives in promoting workplace safety? Another important issue, in recent years, is the debate about the extent to which the state should intervene in regulating occupational safety and health. The question of 'extent' means the degree to which government should be involved in

health and safety. In other words, what level and type of resources should government commit to the control of injuries and illnesses in the workplace?

Closely related to the issue of the 'extent' to which government should intervene, is the question of *how* government should intervene and it is at this point in the discussion that the question about which prevention system to use returns. For instance, should government have nothing to do with health and safety at work and leave employers and employees to work it out between themselves? Or should the state set specific criteria in statute by which the performance of employers and employees would be measured? Alternatively, the state could intervene by promulgating highly detailed sets of prescriptive technical regulations that would be rigorously enforced. The state could also intervene, by empowering workers' and or their representatives to act on their own behalf. Another issue implicit in these debates, of particular relevance in countries with a British legal heritage, are debates about the legal "standard of care" that should be imposed upon employers and employees. Should the standard of care be an "absolute" standard, or a lesser one of a "strict" duty of care that provides for a defence of "all reasonably practicable"? Another issue concerns what is an appropriate level of resource allocation by government for implementation of the OHS policy regime?

The research clearly highlights the contested and connected nature of OHS policy to industrial relations and workers'' compensation policy. However recent Australian research has argued that not only is OHS policy connected, its effectiveness is compromised because of inherent philosophical conflicts between regulatory regimes working in the same space (Haines and Gurney, 2003; Johnstone and Sarre, 2002). In their analysis Haines and Gurney (2003) argue that while there may appear to be a superficial congruence at a high level between regulatory regimes operating in the same or overlapping space, in fact because the regimes originate from different philosophical perspectives and are designed for different policy outcomes/agenda, they in fact compete with each other. The example they give is between competition law and health and safety law in Australia. Both competition and health and safety law regulate business behaviour, however competition law operates in a paradigm of promoting a free market while health and safety operates from a welfare paradigm. Consequently, private enforcement behaviour aimed at improving the safety behaviour of a subsidiary or supplier company can be challenged on the basis that it is restricting trade and is consequently illegal behaviour.

Using Haines and Gurney's (2003) analysis, it could be argued that the same situation applies in New Zealand. On one hand we have a workers'' compensation regulatory regime that is a no-fault welfare system, on the other the OHS regime is a substantially a punitive fault based one that prioritises the responsibility of employers to manage workplace health and safety. The difference in approach has implications for how accident investigations take place and where one thinks prevention should focus. The former approach might encourage a systems thinking and avoidance of laying blame, while the latter could focus more upon individual behaviour and blame. Another good example of the tension between regulatory regimes operating in the same space is the obligation of employers to respect on one hand individual worker's rights while on the other having to actively promote health and safety in the workplace. In this context, employers may wish to impose drug testing upon their workforce, although this may be resisted by unions on the basis that it breeches individual workers' rights. Consequently, it can be argued that the regulatory regime protecting individual rights compromises the ability of the OHS regulatory regime to promote improved worker safety.

Based upon the review, Figure 2 below presents a contextual framework for considering the overlaps between regulatory regimes and OHS regulation in New Zealand operating in the workplace space.

Figure 2: A Contested Workplace: A Policy Framework of OHSM Regulation in New Zealand
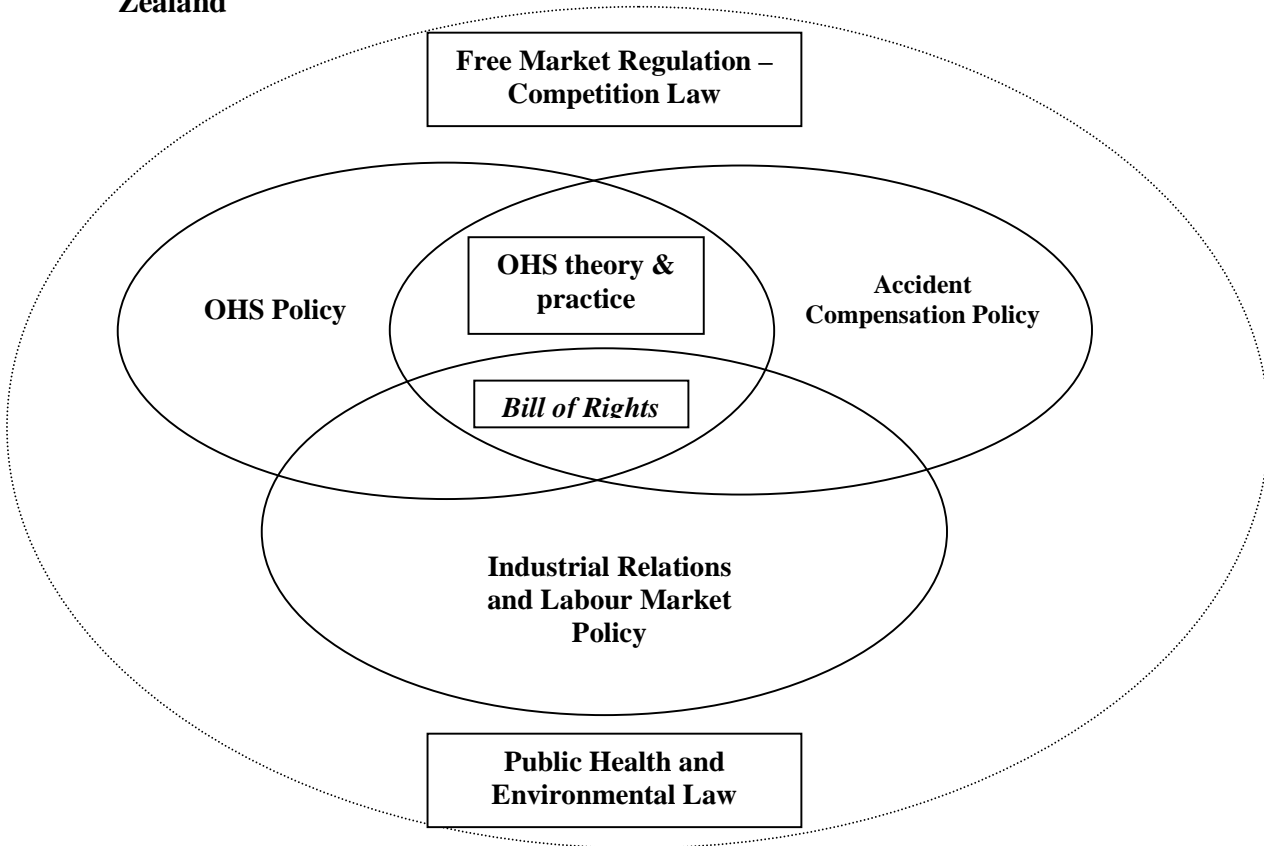
Source: Adapted from Wren, 1997

Current dominant regulatory approach to OHS management and regulation in advanced western nations

The previous section presented an overview of the general debates about OHS regulation. However, it has been argued that how OHS is regulated is closely tied to dominant theories about the causes of workplace injuries (Frick et al. 2000). The theories are important because they significantly influence the way OHS practitioners and researchers think about the causes and prevention of workplace injuries and ill-health.

While there are many injury causation and prevention theories, the dominant theories originate within the following schools of thought: Medicine, Industrial Hygiene, Occupational epidemiology, Individual and Organisational Psychology, and Ergonomics, Systems theory

(Quinlan, 1993; Quinlan and Bohle, 1991). In New Zealand, Domino theory and Loss Causation theory which originated in the early psychological literature, Epidemiology and more recently Interactive/Systems theory are seen as being the dominant perspectives (Slappendel, 1995; Wren, 1995). It is interesting to note that Slappendel attributes the prominence of these theoretical approaches to the "endorsing role of three key organisations": 1). the National Safety Association in the 1950 and 1960s; 2). ACC particularly during the late 1970s and early 1980s; and, 3). the Department of Labour (Slappendel 1995; Wren 1995).

Associated with these dominant paradigms was a general regulatory approach that emphasised prescribing in some detail "what" work hazards should be controlled, and "who" should control them (Bluff and Gunningham, 2003). However, during the 1970s it became increasingly accepted that prescriptive technical regulation was failing to deliver better workplace health and safety. The 1972 British Roben's Report with its call for a shift towards employer self regulation was particularly influential agent for guiding change, as was the Scandinavian work environment law reforms that introduced concepts around worker's rights to participation in OHS decision-making and seeing OHS as a systemic part of the total workplace environment. These reforms began an international process throughout the 1980s of seeing OHS regulatory regimes shift towards a regulatory emphasis upon encouraging employers to proactively adopt a systematic management approach to controlling their workplace hazards (Frick et al. 2000). By the 1990s the process of transition had resulted in a general acceptance by OHS practitioners and regulators of a new dominant paradigm in advanced industrialised nations called Occupational Health and Safety Management Systems (OHSM Systems). OHSM Systems are premised on the logic that argues:

- OHS is an integral part of the production process;
- senior management is responsible of the production process and consequently OHS;
- to minimise work place health and safety, decisions about OHS have to be integrated into decisions about production;
- an essential pre-requisite to making OHS management decisions is the systematic assessment of work hazards; and
- prevention requires adequate distribution of tasks and resources across the whole organisation, (Frick and Wren 2000).

Frick et al (2000) argue that accompanying the development of the OHSM Systems paradigm have been the introduction of new Occupational Health and Safety Management (OHSM) regulatory regimes in many advanced industrial nations. The OHSM regimes are characterised by:
- active promotion by government agencies and private consultants of the voluntary adoption by employer's of OHSM Systems into their workplaces;
- an international debate on what constitutes minimum OHSM Systems standards, and whether there should be an international OHSM Systems standard promulgated by international organisations – such as CEN and the ILO;
- the introduction of national guidelines, particularly in EU member countries, on the implementation of OHSM Systems, which is extending to making such standards mandatory for all employers;

- the development of a mixed ("hybrid") regulatory approach in Australasia and the USA that both promotes industry self-regulation / adoption of OHSM Systems and targeted compliance forcing the adoption of OHSM Systems on high risk groups;
- a growing international literature debate about what does OHSM as a regulatory approach really represents: is it a "sham", or a "paper tiger" or is it a "success story"?

Within the overall OHSM regulatory framework, Frick et al (2000) have discerned a number of contrasting points of emphasis in its implementation by western nations:

- Quality control approach that places emphasis upon the use of production engineering and safety design rather than controlling worker behaviour to improve safety.
- Safety behaviour approaches that emphasise controlling behaviour rather than relying upon engineering solutions to maintain safety and quality.
- A emphasis upon either:
  - encouraging voluntary adoption of OHSM Systems through the promotion of OHSM Systems by the private sector including workers'' compensation organisations; or
  - forcing compliance with a set of national or international standards for OHSM Systems similar to the ISO standards for product quality (ISO 9000 series) or the environment (ISO 14000 series).

These differences have meant that in practice how OHSM is implemented in law, and enforced, varies between countries making comparisons of effectiveness problematic.

Issues relating to the Current Dominant OHSM Regulatory Approach, and Recommendations to Promote Effectiveness

The OHSM regulatory approach represents one end of the regulatory spectrum (Bohle and Quinlan, 2000; Dwyer, 1991; Frick et al. 2000; Hopkins, 2005; Johnstone and Sarre, 2002; Quinlan, 1993; Quinlan and Bohle, 1991; Wilpert, 2008). At one extreme are approaches that are described as 'prescriptive or norm / rule compliance orientated', at the other are approaches such as OHSM that are characterised as 'performance or goal' orientated (Hopkins, 2005; Wilpert, 2008).

What does Compliance Mean?

Hopkins argues that a significance issue with the performance approach is that it has created a situation where "the very concept of compliance has to some extent lost its meaning" (2005:7). In the absence of technical standards, both employers and regulators have to make more informed decisions about what the level of risk is in a workplace and how to best control them. However both parties may not have the necessary level of information to make the decision, or there may be significant disagreement about the best way to manage the risk or what the level of risk actually is. Consequently, uncertainty arises for both parties as to whether compliance has been achieved. Hopkins (2005) suggests that the best way to achieve compliance is for regulators to "go beyond compliance monitoring" with regulatory rules, to also undertake activities involving:

- auditing the auditors;
- being more proactive about undertaking investigation of injury / health events;
- supporting company staff by advising on organisational design;
- exposing poor performance and creating a environment of regulatory 'crisis' in an organisation.

The issue of what does compliance mean in a performance framework is also reflected in other studies. Wilpert, (2008) observes that "the concrete design options of goal-orientated regulation are still somewhat vague". Furthermore, the focus upon OHSM Systems as the means to achieving compliance are not readily amenable to observation and control through traditional enforcement mechanisms such as inspections. A new approach is needed that requires both the regulator and the employer to first negotiate agreement about what is an acceptable level of performance for the workplace and associated indicators to measure performance, and then to build a culture of organisational self-learning and minimising errors. Others have argued that the "overall effectiveness" of OHSM regime is determined by the adequacy of the OHS Standards that may take a variety of forms and which inform the regime (Bluff and Gunningham 2003; Frick et al. 2000). Bluff and Gunningham, (2003) suggest that Australian '21st century OHS regulation' should consist of regime where:

> (1) the OHS statutes comprise general duties and systematic process-based standards, covering each of the principal relationships between risk producers and risk exposed;
> (2) OHS regulations provide comprehensive coverage of hazards encountered in contemporary working life, by achieving the right balance between carefully defined performance outcomes and performance targets, and specification standards for significant risks; and
> (3) evidentiary standards are the vehicle for industry and sector specific guidance, as well as for some technical standards, where both a clear benchmark of compliance and flexibility are desirable features (Bluff and Gunningham, 2003:30).

Existence of a Sufficient OHS Infrastructure

Another significant issue raised in the literature is whether there is a sufficient OHS infrastructure available to support the implementation of an OHSM regime (Bohle and Quinlan, 2000; Frick et al. 2000; Quinlan, 1993; Quinlan and Bohle, 1991). A sufficient infrastructure is one where:

- the private and government workforce is large enough to provide timely advice and undertake inspections / audits;
- the OHS work force is educated enough to fulfil the roles and functions required in an advanced economy;
- competency standards for the OHS workforce are promulgated and promoted;
- regulators are supported by a judiciary that enforces compliance;
- information in the form of standards and guidance documents is readily available about what 'best practice' means.

Changing nature of the workplace and globalisation

Other issues that have been identified as currently posing major challenges to the regulation of OHS in advanced industrialised nations include (Bohle and Quinlan, 2000; Quinlan, 1993; Weil, 2008; Quinlan and Mayhew, 2000):

- the changing composition of industry;
- the arrival of new technology and associated risks – many of which are unknown;
- an increasingly diverse range of workplace employment relationships and increasingly internationally mobile workforce, which makes OHS management more difficult;
- debate over the role and adequacy of International Standards versus local standards;
- a reduced unionised workforce that contributes to monitoring and enforcing compliance.

In response to these challenges, Weil (2008) suggests that effective regulatory workplace enforcement should:

- prioritise resources on those industries and workplaces with the most vulnerable workers';
- undertake enforcement actions that have a deterrent effect beyond the immediate workplace;
- promote and introduce measures that require sustainable behaviour change in the employer beyond the immediacy of an inspection;
- undertake activities that have strategic systemic effects at the industry, geographic or technical level.

The Problem of Small and Medium Sized Workplaces (SMEs)

Small and medium sized businesses (defined as less than 50 employees) pose extra challenges for the implementation of OHSM in many countries, yet they are responsible for the employment of significant levels of the total employment in a country. In many industrialised nations SME's are responsible for employing 30 to 50% of the total workforce. Consequently, improving the effectiveness of OHSM in these workplaces is critical to achieving an effective OHSM regulatory regime and ultimately reducing injury rates and improving the health of the workforce.

In OHS terms, SME's are seen as particularly at risk workplaces because they often lack management expertise, operate in more hazardous environments, have higher rates of injury and lower rates of return to work for injured workers', and they are often hard to reach to promote OHSM Systems and to monitor compliance (Eakin, Lamm and Limborg, 2000).

Internationally, three approaches to promoting OHSM Systems in small workplaces have been trialled. In Denmark the approach has focussed upon OHS professionals' actively engaging in dialogue and providing consultancy with SME owners and managers. The approach has been shown to significantly increase the uptake of OHS services, however it requires a well trained OHS workforce who are supported by education tools directly relevant to the needs of SME's and tailored to specific industrial settings. The Swedish approach has been to empower and support workers' to have an active role in monitoring compliance. A different approach based upon a community development model has been used in Ontario Canada, with support from Workplace Safety and Insurance Board. This approach builds upon the work and expertise of the

Canadian Safe Communities Foundation, which is associated with the international Safe Communities network. The approach focuses upon building a local community network of people with an interest in promoting health and safety in the geographic area, who are supported by a mix of private and government agency resources (Eakin et al. 2000). New Zealand specific research has shown how problematic managing OHS is for SME's; many of whom who view OHS with "indifference" and "hostility" (Lamm, 1999). Lamm suggests that to overcome the barriers that exist, one useful approach to reach SME's is for OHS professionals and regulators to target the business advisors, such as accountants, who advise most SMEs (Eakin et al. 2000; Lamm 1992; 1997; 1999). Similar results and recommendations have been reported by Lansdown et al, to the United Kingdom Health and Safety Executive (Lansdown, Deighan and Brotherton, 2007).

Evidence for Effectiveness

Evidence for the effectiveness of various OHS regulatory approaches is of perennial interest to all those affected by it (Frick et al. 2000; Haines, 2002).

While a commonality in approach to OHSM can be seen, in practice evaluation of effectiveness is highly problematic because of differences in the how the approach has been implemented in law, change over time between countries, differences in type and extent of regulatory activity between countries, and differences in data collections systems (Kendall 2006). Frick et al (2000) have also commented that because of the long causal chain between types of OHS management and workers' safety and health it is virtually impossible to establish with any certainty which OHSM regime or OHSM system is more effective than another.

In spite of the difficulties, Frick et al (2000) have suggested that there three general points of view about the effects of the OHMS approach, and evidence for all three can be found. The views are that OHSM is a:

- "sham" in that it is represents an exercise in deregulation rather than an effective method for improving standards;
- "paper tiger" in that the while the standards are in theory high, the implementation of the approach is difficult, tends to focus upon documenting a management process which directs resources away from more useful activities, and does not fundamentally represent that much of a change from how OHS is traditionally managed in the workplace;
- "success story" in that it significantly raises the goal for what is deemed acceptable practice.

Kendall (2006) in her comparative study for NOHSAC, of the OHSM regimes in Australia, UK, Finland, Canada, US and New Zealand concludes that effectiveness "is hard to quantify for a number of reasons" and that there is no "reliable evidence as to which compliance or enforcement system is most effective". Kendall is left with recommending the "embracing (of) a mixture of methods" that reflect a "congruence of underlying philosophy for OHS between the five countries studied.

However, the generation of such generic observations and desire for "best practice" is not without its critics. Haines (2002) argues that such approaches tends to emphasise the importance of "technocratic management" that does not adequately engage with the local political and economic environment, nor the effects of globalisation on local regulation. Consequently, understanding regulatory effectiveness requires understanding the interaction between cultural, economic and political elements that produce a local "regulatory character", which informs the behaviour of regulatee and regulator. Eakin et al (2000) also caution that in regard to SME's in particular, we need to know more about which aspects of generic models are tightly integrated into the local economic, political and social conditions – the regulatory character – and those which are not and consequently may be applicable in other environments. In this context, it could be argued that the Ontario Safe Communities Foundation workplace initiative may be more appropriate for New Zealand to consider promoting than either the Danish or Swedish examples identified earlier.

NZ Specific Issues - Achieving Better Regulatory Compliance

In 2006, Allan and Clarke undertook, on behalf of NOHSAC a comprehensive review of New Zealand's regulatory approach (Allen and Clarke et al. 2006). The study involved in-depth interviews with key stakeholders, reviewing New Zealand focussed research on the subject, and analysis of documents supplied by agencies. In their report Allan and Clarke identified a wide range of issues with the performance on New Zealand's regulatory approach, many of which have been identified and described in the literature reviewed.

The authors concluded that New Zealand's OHSM regulatory regime represents a significant change in philosophy from the previous approach and that duty holders need support to assist their compliance with the performance focussed approach of the regime. However guidance material currently available is limited, not up-to-date, often inconsistent with current best practice, and inappropriate for the target audiences. In addition there are interface issues between the Health and Safety in Employment Act and the Hazardous Substances and Noxious Organisms Acts, particularly in relation to differing applications of the performance approach, and to duplication of material that assists duty holders to comply under both Acts. Compliance costs associated with the performance-based framework do not fall equally on all businesses, with small businesses likely to bear greater costs per person than larger businesses.

Other issues identified include arguing that the resourcing available to government agencies has not kept pace with economic growth, inflation, and changes in the composition of the economy. There is an insufficiently, trained workforce to implement and support the regulatory regime, nor is there an adequate educational and technical infrastructure to develop and support the existing workforce. It is also not clear who should lead work to ensure the development and delivery of various types of guidance documents to support compliance with the regulatory regime and the adoption of best practices. Furthermore, the problems associated with New Zealand's surveillance system for occupational health and safety has been clearly articulated by NOHSAC in previous reports, however agencies do not appear to have addressed the issues. Another issue concerns the nature and extent of the interface between the rehabilitation and compensation scheme and the compliance and enforcement system. The issue is that liaison and collaboration between the enforcement and compliance system and the compensation and rehabilitation system

is required to ensure that the overall health and safety system operates effectively. It can be argued that it is important that the health and safety regulator know about incidents of serious harm occurring in businesses that are part of a workers'' compensation scheme incentive programme so that it can ensure that the workplace is safe. Similarly, the workers'' compensation scheme needs to know if the regulator is investigating a workplace or organisation of a member that it is insuring. However, to what degree is there a responsibility for organisations to share information if one party considers the information to be confidential to the organisation and its release may undermine its working relationship with the client?

Conclusions

The review and analysis presented suggests the following conclusions about where New Zealand's current OHSM regulatory regime fits within international experience as described in the literature, and how it could be improved. First, New Zealand's OHSM regulatory regime fits within a internationally accepted generic model of OHSM best practice. Second, generic models do not adequately describe national differences, and this makes undertaking international comparisons of effectiveness highly problematic. Because of the national differences in how OHSM is implemented there is no real evidence on the effectiveness of different OHSM regimes from which policy makers can learn. Third, it has been argued that the effectiveness of any particular OHSM regulatory regime requires acknowledging that the OHSM regime fits within a wider workplace regulatory environment that is likely to include other regulatory regimes counter productive to effective compliance with the OHSM one. Moreover instead of focussing upon 'technocratic management' mechanisms to understand compliance behaviour, a focus upon understanding and shaping the 'regulatory character' may provide useful insights into how to develop new enforcement strategies and compliance promoting behaviours by agencies. Fourth, there is agreement that effective implementation of an OHSM regulatory regime requires the existence of an adequate OHS infrastructure. In particular, it requires a workforce able to implement, advise and monitor compliance within the framework that sits in a complex and changing environment. It is necessary that the workforce will have to assess different levels of risk; provide advice about a range of options to manage the risk, and advocate for the implementation of management systems that are 'self-learning' and promote 'continuous improvement. Other requirements are:

- A legislative environment where the judiciary is willing to enforce compliance.
- The development and promulgation of a range of types of Standards and Guidance documents that inform employers what OHSM Systems performance means in terms of outcomes and indicators, and how OHSM Systems can be incorporated within their everyday practice.
- Adequate resourcing of OHSM at the government level that is appropriate for the size and complexity of the industry being regulated.
- Development and implementation of enforcement strategies that move 'beyond monitoring' to include targeting resources and activities toward:
    - protecting the most vulnerable workers';
    - focus upon the most hazardous and at risk workplaces; and

- o achieving deterrence effects beyond the immediate in time and local workplace.
- Acknowledging that in many countries small and medium sized businesses (defined as less than 50 employees) pose extra challenges for the implementation of OHSM, and they are responsible for the employment of significant levels of the total employment in a country. Improving the effectiveness of OHSM in these workplaces requires responses that are appropriate to the 'regulatory character' in which they operate.

Given the conclusions, the evidence from the literature suggests that in order to implement a best practice OHSM regulatory regime in New Zealand action on a number of fronts is required as outlined above in fourth point. The analysis also suggests that it could be useful to clarify the interface between the workers' compensation scheme and regulator activities. In order to improve the performance of New Zealand OHSM regulatory regime, a number of questions need to be resolved. First, is there a role for a workers' compensation scheme in developing and promoting a range of OHSM Standards and Guidance documents that would aim to promote the adoption of best practice by employers such as those described by Bluff and Gunningham (2003)? To answer this question some work would be required to clarify the respective functions and roles of the workers' compensation scheme agency and regulators in disseminating information about what represents 'best practice' (conceivably an workers' compensation scheme role) versus information about expectations about what represents minimum compliance requirements (a regulator role).

Second, is there a role for the workers' compensation scheme in building/supporting an OHS infrastructure, in particular a workforce capable of implementing, advising and monitoring compliance with the New Zealand's OHSM regulatory regime? If yes, then what are the limits of the role? When thinking about this question it may be useful to review the experience of the late 1970s and early 1980s where the workers' compensation scheme actively employed workplace safety advisors to work alongside employers. Third, to what extent should a workers' compensation scheme acting as an insurer with a privileged client relationship and possibly confidential information be obligated to provide the regulator with information about non-compliance with regulatory standards? Fourth, is there a role for a workers' compensation scheme to use its influence as 'insurer' to promote higher standards of OHSM Systems practice, and to reward best practice through an enhanced incentives programme? Finally, what is the role of a workers' compensation scheme in facilitating the development of better data collection systems and dissemination of information about what is happening in the workplace, given that other government agencies also collect information in this workspace?

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I love you – goodbye: Exit Interviews and Turnover in the New Zealand Hotel Industry

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Abstract

Given the very tight labour market, skill shortages and staff retention have become major issues in the hotel industry. Furthermore, voluntary turnover incurs considerable expense as it is a labour intense service industry. This paper presents findings from data analysis of formal exit interviews conducted in two hotel chains. The first sample covers a large New Zealand hotel chain with 15 sites, with interviews conducted in 2004 and 2005. The quantitative data for this brand was collected nationally at multiple sites and is further illuminated by qualitative data focusing on a single site case study. The second set of interviews represents a single site, with data gathered from 2001 to 2005. The literature review discusses the theoretical foundations of employee turnover and exit interview efficacy. Particular focus is placed on the antecedents of turnover in the organisational entry phase of the employment relationship, with questions being raised around the importance of socialisation. In an industry that has traditionally high employee turnover, the efficacy of exit interviews in providing feedback on organisational entry is of crucial importance. Our findings raise questions regarding the effectiveness of information provided by the exit interview processes at both hotel chains. This leads the authors to ask how organisational improvement be directed if there is a process in place that fails to provide applicable employee feedback.

Introduction

The Hospitality and Tourism industry is a large and rapidly growing part of the New Zealand economy. Several recent reports, *The Draft New Zealand Tourism Strategy to 2015,* the *Hospitality Standards Institute - LIASE Report, 2007,* the *New Zealand Tourism Industry Association Leadership Group, 2006 - Tourism and Hospitality Workforce Strategy* and *The Hospitality Standards Institute Employment Profile of the Hospitality Industry 2007*, paint a picture of a very important industry:

> New Zealand has a total tourism expenditure of NZ$17.5 billion dollars, accounting for 18.7% of all exports, contributing 9% of the Gross Domestic Product. International visitor growth is projected to grow by 4% for the next seven years. The industry employs 9.8% of the New Zealand workforce. The Hospitality sector employed 136,000 people in 2007; a number which has increased by 20% since 2001. Another 13,500 new positions are expected to be created in hospitality by 2011. (Hospitality Standards Institute, 2007: 4-6)

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Representatives from industry associations and government departments as well as many employers and academics in New Zealand are increasingly concerned about the high levels of turnover in tourism and hospitality industries. A recent series of reports have highlighted the scope and potential damage that labour market pressures are bringing to the industry. The following comments are typical of these reports:

> "The biggest impediment to achieving or exceeding forecast growth lies with a shortage of appropriately skilled labour for the sector. Significant tourist volume has been possible through the availability of relatively cheap labour. Further growth on this basis can be considered to be severely constrained." (The Draft New Zealand Tourism Strategy 2015, 2007: 16)

> "Based on forecast numbers through to 2010, we face a serious skills shortage and it will take collective, concerted action to overcome it. The New Zealand Tourism Strategy 2010 identified human resource issues as one of the key challenges facing the tourism and hospitality sector." (New Zealand Tourism Industry Association Leadership Group, 2006 - Tourism and Hospitality Workforce Strategy, 2006: 1)

> "Industry representative, from every region, were unanimous is stating the current labour shortages will increase over the next five years. There was also a clear message that immigrant labour would be relied on even more in the future." (Hospitality Standards Institute - LIASE Report, 2007: 13)

Employee turnover has been, and remains a major issue for the New Zealand hotel sector. The current labour market conditions of low unemployment are exacerbating the critical levels of employee turnover in the hospitality sector as a whole. According to Statistics New Zealand (2006), the hospitality sector has a turnover rate of 29.2% for 2006 as opposed to a 16.7% national average for all sectors. However, turnover figures discussed at the 2006 New Zealand Hotel Council Conference, put hotel employee turnover as high as 60%. This very high turnover rate is occurring in a tight labour market with unemployment being below 4% (Statistics New Zealand, 2006). Thus, hotels are faced with the strategic human resource management challenge of very high turnover in a time of intense labour scarcity and skills shortage. In purely financial terms, The Society for Human Resource Management estimates that it costs US$3,500.00 to replace one US$8.00 per hour employee when all costs – recruiting, interviewing, hiring, training, reduced productivity – are considered. Given that the hotel industry employees 17,000 people and has a *minimum* annual turnover average of 29.2%, then, using the above equation, the annual cost of turnover to the hotel industry would come to just over US$17 million (or NZ$22 million at current exchange rates).

Labour turnover and weak employee commitment to the organisation have the potential to negatively impact on the quality of services. This is particularly important in a market which is competitive at both the local and global levels as New Zealand attempts to increase its share of international tourism. A major part of the attraction for international tourists is the quality of the overall experience of New Zealand. Addressing these issues is, therefore, a matter of increasing the industry's competitive edge, through providing a satisfying workplace for employees. In order to develop appropriate strategies, it is necessary to discover the perceptions of employees themselves since they are the ones who make decisions regarding voluntary turnover. Thus, this article explores skill shortages, turnover and retention by examining exit interview data from two hotel chains in New Zealand. First, the article considers the literature incorporating turnover and exit interviews. Second, using data from

two hotel chains, the article analyses the push and pull factors influencing exiting employees and compares how the classical reasons for turnover fit with the 'happy goodbye' phenomenon found in this study. Finally, conclusions are drawn regarding the re-conceptualisation of exit interviews and the more fundamental problems associated with such interviews are discussed.

International Turnover Research

Turnover has been the focus of intense international research for many years (March & Simon, 1958; Porter & Steers, 1973; Mobley, Horner, & Hollingsworth, 1978; Steers & Mowday, 1981; Bluedorn 1982; Griffeth, Hom and Gaertner 2000; Dalessio, Silverman, & Schuck, 1986; Cotton & Tuttle, 1986; Wanous, 1992; Dougherty, Bluedorn & Keon, 1985; Hom & Griffeth, 1995; Mobley, 1977). The body of literature on employee turnover is vast, to the extent that it would challenge any author to cover it all. Instead Boxall, Macky and Rasmussen (2003) refer readers to comprehensive reviews of the turnover literature in Price (1977), Cotton and Tuttle (1986), Tett and Meyer (1993), Hom and Griffeth (1995) and the most recent meta-analysis by Griffeth, Hom and Gaertner (2000). From these reviews, Boxall et al. (2003) summarise the following key themes:

- While ethnicity and gender are not clear demographic predictors of turnover; age is strongly positively associated with tenure length and thus negatively associated with turnover.
- Turnover is higher in organisations with high employment instability, either perceived poor job security or higher layoff rates.
- Unemployment rates affect turnover – low unemployment and a tight labour market affects employee perceptions of ease in gaining alternative employment.
- Turnover may have a history (lateness, absenteeism, low productivity) that is relevant to understanding its causes.
- Job satisfaction is consistently negatively associated with employee turnover.
- The extent to which employees feel their contributions are valued is inversely related to their turnover rates.
- Congruence between employee and employer preferences for work hours, shift structures and employment types (full-time, part-time) reduce turnover.
- Remuneration retains an important role in turnover.

Within the vast literature, the classical analysis of Wanous (1992) is of particular interest for hospitality organisations, as it focuses on premature turnover and the role of socialisation in that turnover. According to Wanous (1992) and Allen (2006), turnover is the highest among new entrants across all organisations. Allen (2006) suggests that new entrant turnover provides hospitality organisations with little or no opportunity to recover a significant return on their investment in recruitment, orientation, training, and uniforms. One of the principal drivers of premature withdrawal is "inadequate socialisation" (Birchfield, 2001: 34). Socialisation is seen to reduce uncertainty and anxiety and therefore create congruence between individuals and an organisation, transforming an outsider into an effective and participating insider. Issues such as inadequate socialisation and the resulting dissonance can be explored with departing employees in an exit interview.

Turnover and retention issues in the New Zealand labour market

As highlighted in Boxall et al. (2003), unemployment rates affect turnover; low unemployment and a tight labour market affects employee perceptions of how easy it is to obtain alternative employment. In essence, employee perceptions that attractive alternative employment opportunities exist have been shown to be positively related to employee intention to quit (Gerhart 1990, Steel and Griffith 1989). However, the effect of labour market opportunities is mediated by many complex variables, including financial rewards offered by the organisations (Schwab 1991), quality and utility of alternative employment (Hom and Griffith 1995), and family issues (Abbott, De Ciere and Iverson 1998). Since the mid 1990s, New Zealand has seen remarkable growth in employment and labour market participation rates and a corresponding fall in unemployment – from 11% in 1992 to 3.4% in 2007 (Statistics New Zealand 2007). Hunt and Rasmussen (2007) discuss the 'skills shortage' associated with this 'tight' labour market. They point out that a combination of reduced training investment and public sector reforms during the 1990s has seen skills shortages become a regular discussion point in the media and a serious public policy issue in the new millennium.

The New Zealand context of employee turnover has been explored in several industry specific contexts such as nursing and call centres by Hunt and Rasmussen (2007) and by North et al. (2005). These studies can provide comparative data and findings for this paper. Non-industry specific employee turnover studies in New Zealand include Boxall et al. (2003) and Guthrie (2001). According to Guthrie (2001), high involvement organisational cultures are associated with positive organisational outcomes (e.g. employee retention). Guthrie (2001) further states that high involvement organisational cultures are pivotal to the retention process and act as a source of competitive advantage.

Turnover in the Hospitality Sector

Turnover has also been a topic of much international research in the hospitality sector (Wasmuth & Davis, 1983; Woods & Macaulay, 1989; Hogan, 1992; Hinkin & Tracey, 2000; Lashely, 2001; Simons & Hinkin 2001; Brien, 2004). One stream of this research has focussed on quantifying the cost of turnover in hospitality, with a variety of methods resulting in a range of turnover cost estimates:

- $1,500 per hourly worker to US$3000 per salaried staff member (Hinkin & Tracey, 2000);
- US$3000 per hourly worker (Wasmuth & Davis, 1983; Woods & Macaulay, 1989);
- US$1,700 to US$2,500 in direct costs and US$1,200 to US$1,600 in indirect costs per average worker (Hogan, 1992);
- UK 500 pounds per hourly worker to UK 1,441 pounds per skilled worker (Lashley, 2001).

Simons and Hinkin (2001) approached the quantitative problem from a different perspective and demonstrated the employee turnover is strongly associated with decreased profits.

A second stream of research has sought to uncover causes and provide solutions to hospitality employee turnover (Woods & Macaulay, 1989; Wasmuth & Davis, 1983; Hogan, 1992; Brien, 2004; Poulston 2005). These authors highlight almost every area of hospitality management as a potential cause of employee turnover and this allows, therefore,

considerable scope for improving retention. These areas include: overall strategic human resource management aims, selection, recruitment, orientation and retention, the self-image of the industry, training, management skills and development, employee voice and empowerment, long term development, pay and rewards. Poulston (2005) has even postulated constructive dismissals as a significant cause of turnover, finding from a survey of 28 Auckland hospitality workplaces and 535 under-graduate hospitality students, that constructive dismissals are strongly associated with casual employee turnover within the hospitality industry. The pool of potential causes and cures for turnover appears nearly limitless.

Exit Interviews

Exit interviews have been considered by some authors to be a powerful tool for analysing turnover (Mok & Luk, 1995). However, many authors question the methodology and focus of exit interviews and seriously debate the value of resulting data (Feldman & Klaas 1999, Deery 2000, Fottler, Crawford, Quintana, & White 1995, Wood & Macaulay 1987, Phillips & Connell 2003, Wanous 1992). An exit interview has been described as a discussion between the departing employee and the employer, which can vary in structure and formality, and is designed to get information about their employment experience and motivations for leaving (Evans 2006; Rudman, 2002; Stone, 2005). The content discussed in such an interview can be wide ranging, including: reasons for leaving, perceptions of management and organisation, satisfaction with job, working conditions, organisational climate, socialisation issues, training received, and career opportunities. A principal aim of conducting exit interviews is to provide employers with information to help prevent the loss of other employees later, for example, through the identification of training and development needs (Green 2004).

Engaging employees in a dialogue just prior to their departure may encourage them to consider returning in the future as an employee and/or as a longer term stakeholder in the form of a customer, organisational advocate, etc. For the conversation to be meaningful and the data of value, it is vital for a climate to be created in which both parties feel comfortable to enable them to gain a direct insight into employees' opinions of the job role, work processes, relationships and the organisation. Accordingly, open-ended questions should be asked and ideally the interview should be conducted by a human resource person or someone other than the employee's immediate supervisors (Schachter, 2005). Feldman and Klaas (1999) generated four hypotheses to test how exit interview procedures influence exiting employees' self-disclosure of their reasons for departure. They conclude that employees tend to disclose their honest reasons for leaving when data is treated confidentially and fed back by human resource managers in aggregate form, when it does not result in a negative reference from their direct supervisors, and when they believe that in the past the employer has taken action on problems identified in exit interviews. Overall, Deery (2000) argues that employees, who leave an organisation, can provide considerable insight into the problems they faced during the tenure of their employment.

Conversely, exit interviews have been criticised as an intrusion into an employee's right to privacy and that they are of more benefit to the organisation than to the employee. Fottler et al. (1995) suggest that they can be a way to keep an employee that the organisation does not want to lose, although for many departing employees actions taken as a result of an exit interview may be *too little too late* to retain them.

According to research on 27 American hospitality organisations by Wood and Macaulay (1987), the exit interview methodology used for data collection has an important impact on the quality of the information collected. They found that organisations too often centred the interviews on the reasons for leaving, rather than the attitudinal and organisational causes for turnover. In no cases were the interviews concerned with the "individual and organisation fit" (Wanous, 1992: 56). This is a crucial point when considering the perspective of psychological contracting and exit interviews. There is a danger that if the deeper issues of psychological contracting and 'individual and organisation fit' are not addressed adequately, exit interviews will be limited to superficial explanations regarding turnover. In turn, this raises the issue of what other types of employee feedback could supplement the possibly limited data gathered from exit interviews? Fottler, et al. (1995) posits that employee attitude surveys yield far more reliable information than did the exit interviews. They found that from these surveys that organisations could learn how employees viewed their jobs, their supervisors, their working conditions and other aspects of the organisation. They also noted that attitude surveys gave the organisation time to intervene confidently and address the identified problems.

Another methodological consideration is that person-to-person interviews may negatively affect the results of those interviews. Phillips and Connell (2003) argue that the inherent power imbalance between the employee and the management interviewer will inhibit an honest response from the employee. In addition, employee concerns over confidentiality and possible negative consequences of honest criticism can reduce the accuracy of their responses. Researchers have also found that the "responses given during exit interviews are often substantially different from those given in interviews conducted a month or more after the termination" (Wanous, 1992: 45). Despite these suggestions, hospitality organisations still conduct exit interviews in a person-to-person format and run them on the day before or day of departure (Macky and Johnson 2004). In addition, Wood and Macaulay (1987) mention that fictitious reasons for departure are often cited at exit interviews. The authors argue that some reasons for this behaviour are that the employees are reluctant to cite reasons that condemn the actions of the organisation, management and supervisors in open interviews, and that the employee may want a good reference and feel that open criticism could endanger this.

Feldman and Klaas (1999) suggest that an exit questionnaire method is a better way to obtain valid information than an exit interview. They also believe that exit questionnaires may generate more reliable and valid information, while also being more efficient to administer in terms of cost and time. Many organisations have also developed a web-based system for conducting their exit questionnaires. The data gained from any form of exit process though may be of questionable use if immediate line managers are not given meaningful results and/or encouraged to make changes regarding training, relationships and processes based on analysis of the feedback from departing employees.

Research Design and Findings

Hotel X worldwide consists of over 4,100 hotels. *Hotel X* Regional HR office is responsible for the development and growth of the *Hotel X* New Zealand and the Pacific region. The data for the research has been gathered by the Regional Human Resource Co-ordinator for a multi-site hotel group in New Zealand. The national data represents the growth of the organisation from twelve hotels in 2004 to sixteen hotels in 2005. The data is based on standardised exit interviews that are run by various human resource managers in the national operations. The hotel group attempts to interview every leaving employee, but in cases of abandonment or

refusal, a small minority of employees are not represented in this data. *Hotel X* has been experiencing high levels of voluntary turnover. In 2005, *Hotel X* New Zealand recorded a total turnover rate of 67.5% (personal communication, July 6th, 2006).

Hotel Y represents a stand alone site that is part of an international chain. At this stage, only one site carries the brand name in New Zealand. *Hotel Y* is a leading global hospitality company, with over 2,900 hotels in more than 80 countries. Following initial consultation about the research, exit surveys were provided by the Human Resource Manager of *Hotel Y*. Approximately 170 exit interviews were provided. The exit interviews were conducted by the HRM team with staff between 2001 and 2004 inclusive. The hotel group attempts to interview every leaving employee, but in cases of abandonment or refusal, a small minority of employees are not represented in this data.

Findings – Hotel X

The data from *Hotel X* is represented in two levels. Table 1 represents national data, based on twelve hotels for 2004 and sixteen hotels for 2005. Data from this national level covers 661 exit interviews for 2004 and 911 exit interview for 2005. Tables 2 and 3 represent a single hotel case study and show a more detailed attempt by the hotel to gain qualitative feedback from the departing employees. This data covers 22 exit interviews for 2004 and 23 exit interviews for 2005. Human Resource Managers of Hotel X collate all exit interview data at the end of each month and enter the data into Excel spreadsheets which are sent to the regional offices. The data received for this report was obtained from the regional offices and was analysed using Excel.

As depicted in Table 1, the seniority of employees, who left, is greatly influenced by whether they are full-time or part-time workers. The great majority of part-time workers are in 'coal face' roles, where as the full-time workers are more likely to be supervisors or management (up to 53% of exiting employees in 2004). Front line workers have more varied reasons for leaving and greater rates of abandonment, discipline related exits, returning to education and fixed term contracts. They are more likely than managers or supervisors to be leaving for reasons of external opportunities, where as managers and supervisors are far more likely to be leaving for reasons of internal transfer. Thus, Table 1 contains a mix of turnover reasons and covers more than voluntary turnover.

A clear trend in Table 2 is that employees state that 'nothing' could be done to stop them from leaving, with almost 60% of employees exiting in 2004 stating this. In 2005, 53% of exiting employees state that nothing could be done to stop them from leaving. The organisation could take comfort from a slight drop in these figures from 2004-2005. The idea that 'nothing' could be done to stop these employees from leaving is followed up in most cases by a qualifier e.g. 'personal reasons', 'temporary employee', 'travel', 'opportunities', 'new experiences'. The employees offer a wider range of specific reasons for leaving in 2005 than 2004. Examples of these specific reasons are 'the family is moving' or 'would have liked more job advancement', or 'more flexible shifts'.

Table 1: Exit Data by Reasons and Staff Position (National Data)

Reason	2004 Exits						2005 Exits					
	Full Time Staff			Part Time Staff			Full Time Staff			Part Time Staff		
	Mgt	Sup	F/L	Mgt	Sup	F/L	Mgt	Sup	F/L	Mgt	Sup	F/L
Transfer	14	17	11	-	2	12	19	22	11	-	4	17
Overseas Travel	5	10	12	-	2	108	5	20	15	-	-	86
Home Obligations	2	8	4	-	-	40	4	8	5	-	-	56
Relocation	2	2	8	-	-	28	2	6	7	-	3	44
Pregnancy/Health	1	1	3	1	-	9	2	1	2	-	1	14
Own Business	1	-	1	-	-	4	-	5	-	-	-	4
Lack of Hours	-	-	-	-	-	26	-	-	-	-	3	24
Shift Work	-	-	1	-	-	3	-	2	-	-	-	13
Job Dissatisfaction	1	4	2	-	-	4	1	5	2	-	1	29
Visa Expired	-	-	6	-	-	5	-	-	1	-	-	9
Career Opp – Hospitality	4	16	17	-	2	25	7	8	14	-	1	19
Career Opp – Other Industry	9	11	12	-	2	37	6	11	14	-	2	63
Education/Study	-	-	6	-	-	38	1	-	5	-	-	60
Retirement/ Redundancy	-	1	-	-	-	3	-	1	1	-	1	4
Travel Difficulty	1	-	-	-	-	3	-	-	-	-	-	8
Fixed Term Contract	-	-	2	-	-	45	1	1	8	-	1	88
Insufficient Promotional Op.	-	-	-	-	-	2	-	2	1	-	-	-
Insufficient Training	-	-	-	-	-	-	1	-	-	-	-	-
Unhappy with Mgmt Style	-	-	-	-	-	-	-	1	1	-	1	2
Monotonous Job	-	-	-	-	-	-	-	-	-	-	-	3
Lack of Recognition	-	-	1	-	-	-	-	-	-	-	-	-
Heavy Workload	-	1	-	-	-	5	-	1	-	-	-	2
Personality Conflict	-	2	-	-	-	-	-	2	2	-	-	-
Working Conditions	-	-	-	-	-	1	-	-	-	-	-	1
Rate of Pay	-	1	-	-	-	2	2	-	5	-	-	10
Job Performance	1	-	1	-	-	3	-	-	-	-	-	3
Termination by Hotel in probation	-	-	3	-	-	6	-	1	2	-	-	10
Job Abandonment	-	-	1	-	-	28	-	-	1	-	1	47
Broke House Rules	1	-	-	-	-	1	-	-	-	-	-	5
Totals	**42**	**74**	**91**	**1**	**8**	**438**	**51**	**97**	**97**	**0**	**19**	**621**

Note: Mgt = Management, Sup = Supervisor, F/L = Front Line

Table 2: Potential Measures to Prevent Staff Member Exits (Single Hotel Case)

Responses	2004 Exits		2005 Exits	
	Total responses	%	Total responses	%
Nothing at all	5	22	2	9
Nothing: Leaving for personal reasons	3	13	1	4
Offered more flexible hours/shifts or a new role	3	13	1	4
Nothing: I was temporary	3	13	1	4
Paid me more	2	9	2	9
Nothing: I want to travel	1	4	1	4
Nothing: I have a new opportunity	1	4	4	18
Nothing: I need new experiences/skills	1	4	3	14
Use my skills, provide recognition	0	0	2	9
Family moving	0	0	1	4
No response	4	18	5	21
Total	**22**	**100**	**23**	**100**

Table 3: Final Message for the General Manager (Single Hotel Case)

Responses	2004 Exits		2005 Exits	
	Total responses	%	Total responses	%
Thank you it was great	9	40.9	8	34.7
Communicate better, thank staff in person	3	13.6	2	8.6
Nothing	2	9	0	0
Things are heading in the right direction	1	4.5	1	4.3
There are a few problems: Staffing and training	1	4.5	3	13.3
I want to come back after study	1	4.5	0	0
You have let a great employee slip through your hands	1	4.5	0	0
Pay staff more	1	4.5	0	0
No response	3	14	9	39.1
Total	**22**	**100**	**23**	**100**

As Table 3 illustrates, a large percentage of employees (40.9% in 2004 and 34.7% in 2005) stated that they really enjoyed working for the hotel. While the drop from 2004-2005 could concern the hotel, the real problem with this finding is that most respondents do not give any feedback about what could be changed to improve staff retention, or provide a clear indication of why they are leaving. Although communication, staffing levels, pay and training are indicated as problems by some staff, the percentages attached to these issues are very low.

Figure 1 shows the age profile difference between New Zealand *Hotel X* employees and the world wide employees. New Zealand has a significantly younger employee profile, with almost double the percentage of workers aged less than 25 years.

Figure 1: Age profile differences between New Zealand *Hotel X* employees and the world wide employees
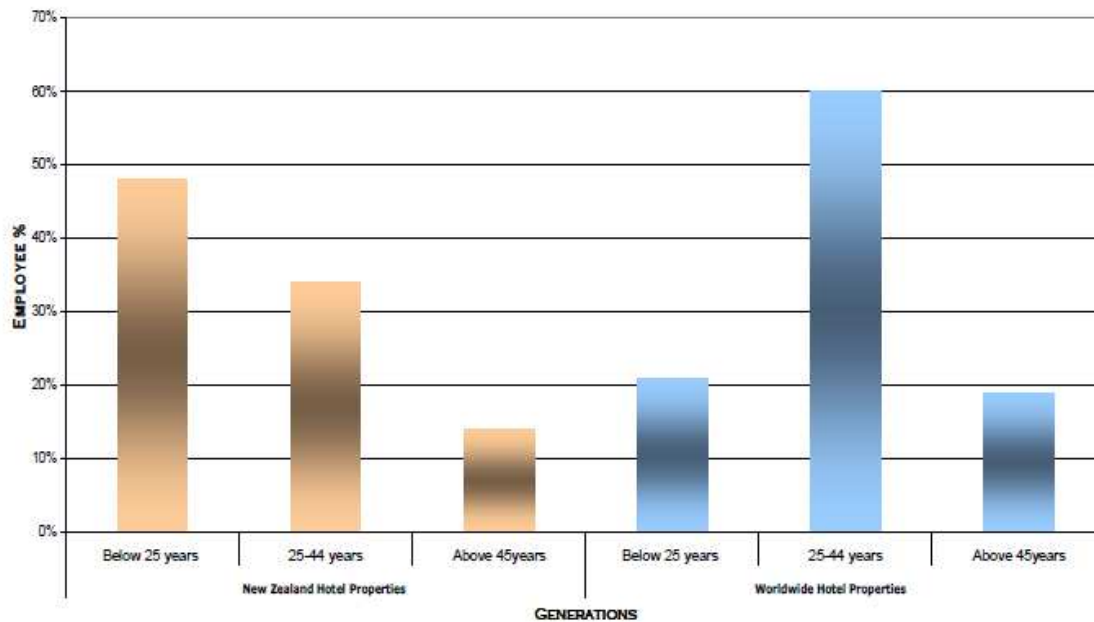
Findings – Hotel Y

Table 4 summarises the employee reasons for leaving *Hotel Y* and in many ways reflects the data represented in Table 1 for *Hotel X*. The exit interview for *Hotel Y* differs from *Hotel X* in that the last four tables represent answers to question based around organizational themes – Working Conditions (Table 5), Relationship with Management (Table 6), Training (Table 7) and Relationship with Colleagues (Table 8).

Table 4 presents the various reasons cited by the staff for leaving *Hotel Y*, based on an analysis of the coded summaries of the reasons given in the exit interviews. Travelling has been identified as the most common reason for leaving the job (13%) followed by moving from Auckland (13%) and dissatisfied with management (11%). The shaded responses below depict 'classical' drivers of turnover due to lack of future opportunity and dissatisfaction with management, job design and working conditions.

Table 5 shows that almost half of existing staff (48%) were of the opinion that everything was good. This finding of 'all is good' regarding working conditions mirrors a similar pattern to that identified from *Hotel X* in Table 3, where the dominant message to the General Managers was 'thank you it was great'. The layout of facilities falls next in line with almost 13% suggestive of the scope for improvement.

As demonstrated by the results in Table 6, managerial relations were considered positive (27% and 15% felt that their managers have good standards and considered them as very good). But, on an operational level, peer-like performance is observed as the lowest, scoring less than 2% of the responses.

Table 4: Reasons stated for exit

General reason stated	No. of responses	% of responses
Going to travel	22	13.3
Moving out of Auckland	21	12.7
Dissatisfaction with management	18	10.8
Going to study	12	7.2
Another job offer	12	7.2
Better pay elsewhere	11	6.6
Pursue change in career away from hospitality	11	6.6
Better working hours elsewhere (inc. not doing shift work	9	5.4
Other reason	8	4.8
No opportunity for future job development	8	4.8
Family reasons	7	4.2
Not getting enough work hours	6	3.6
To become self-employed	5	3.0
Time to move on	5	3.0
Job was not challenging enough	5	3.0
Cannot get to work (transport problems)	3	1.8
Physical stress of job	2	1.2
Disciplinary action	1	.6
Total	*166*	*100.0*

Table 5: Working Conditions

General reason stated	No. of responses	% of responses
All is good	**72**	**48**
Hard / long work hours	7	4.6
Don't get breaks	1	.6
Need more training	5	3.3
Equipment needs improving	11	7.3
Job is very physically demanding	5	3.3
Layout of facilities could be improved	19	12.6
Interdepartmental clashes	1	.6
Lack of staff car parks – transport	2	1.3
Uniform problems	4	2.6
Kitchens to small – bad air flow	8	5.3
Bad staff food	8	5.3
Staffing problems	7	4.6
Total	*150*	

Table 6: Managerial Relationships

General reason stated	No. of responses	% of responses
Manager is fair	8	4.7
Operates like a peer	3	1.7
Managers are not supported by senior management	5	2.9
Manager is not supportive	5	2.9
Manager is good communicator, good mediator, good organizer	20	11.9
Lack of communication with management	14	8.3
Managers hard to access or not there	13	7.7
Manager lacks skills	9	5.3
Manager is a liar	4	2.3
Manager has high standards – is very good	26	15.4
Manager does not take action	5	2.9
Manager is good	46	27.3
Manager is stressed	4	2.3
Manager is rude, confrontational, has temper, is too demanding, has bad attitude	6	3.5
Total	*168*	

Table 7 reveals that by and large employees feel training was good (34%), which was followed by 14% of responses stating that the training imparted was basic and on the job.

Table 7: Training

General reason stated	No. of responses	% of responses
Already new what do to	7	4.5
Too busy to get training done	8	5.2
Training was basic – mostly on the job	21	13.7
Good – plenty of training	52	33.9
Training is below average for Hotel of this type	16	10.4
Was not told about training options	4	2.6
Training not resourced sufficiently	3	1.9
Excellent, learnt allot	17	11.1
Fidellio training very good	3	1.9
Training could be better	6	3.9
Training needs more management support	4	2.6
No formal training provided	4	2.6
Dropped in deep end, taught myself	5	3.2
Need refresher courses	3	1.9
Total	*153*	

Table 8 shows that more than half of the respondents (56%) enjoyed friendly and good relationships with their colleagues, followed by 25% who did not have any problems. This reinforces the 'happy goodbye' phenomenon that is apparent from findings in the above tables on a range of exit issues.

Table 8: Relationship with colleagues

General reason stated	No. of responses	% of responses
Fun, friendly, good	75	55.9
OK, no problems	34	25.3
Colleagues not focused	5	3.7
Don't get on with workmate	4	2.9
Feel left out of workplace relationships	3	2.2
Workmates are rude, bully	7	5.2
Not good at all, worst staff ever worked with	2	1.4
Workmates don't work hard	2	1.4
Workmates need more patience, need to listen	2	1.4
Total	*134*	

Discussion

The findings in this paper show the largest percentage responses in the tables for both hotels indicated that employees feel "*nothing*" could be done to stop them leaving (almost 60% of responses), that the working experience was "great" (40.9%), working conditions are "all good" (48%), management has "high standards, is very good" (26%), training was "good, plenty of training" (33.9%) and relationships with colleagues was "fun, friendly and good" (55.9%). This explains the title of the paper ("I love you – goodbye") as significant numbers of employees, who are leaving these organisations, describe their experiences and conditions with the organisations as predominately positive.

This raises concerns that exit interviews are failing to uncover relevant information regarding the true nature of the employer/employee relationship and its eventual dissolution. On that background, several questions will be addressed in this discussion:

- Are these exit interviews the ambulance at the bottom of the cliff?
- Do organisations need to use other employee feedback systems (employee climate surveys) to capture problems earlier in the relationship?
- Can the exit interviews be re-configured to be more effective?

When analysing the factors that underpin turnover, these factors can be conveniently separated into push and pull factors.

Pull factors would include those that attract employee away from the hotels and make alternative employment options look attractive. These may be external factors, reflective of the labour market, or competitive factors that the hotels feel they can't address. Based on the meta-analysis provided by Boxall et al. (2003), the hotel industry faces the "perfect storm" regarding several of these pull factors:

- Age is negatively associated with turnover. Figure 1 shows that *Hotel X* has a significantly younger age profile than the international outlets in the same chain. This fits with the Hospitality Standards Institute 2007 Employee Profile Report which describes hospitality employees as having an extremely young age profile with 40% of employees younger than 25.

- Low unemployment and a tight labour market affects turnover. During the interviews, New Zealand has had very low unemployment and a very tight labour market with chronic skill shortages.
- Remuneration plays an important role in turnover. Hospitality pay rates remain amongst the lowest in the country. The New Zealand Draft Tourism Strategy 2015 shows that hospitality and tourism related industries had compensation rates 10% lower than non-hospitality and tourism related industries in 2003.

While we would not expect age or labour market conditions to be reflected in the exit interview data, it is surprising to find remuneration to be so weakly represented! In *Hotel X*, pay only manages 6.6% of potential responses in "General Reasons Stated for Leaving", 4.5% in "Message to the General Manager" and 9% in "Potential Measures to Prevent Staff Exits".

Push factors could be described as internal conditions and perceptions that affect an employee's decision to leave the organisation. These factors are suggested as important turnover reasons in Boxall et al. (2003). These factors can include job satisfaction, the extent to which employees feel their contributions are valued and congruence between employer and employee preferences for conditions. Some of the comments listed in Table 9 below can be seen as related to the push factors discussed by Boxall et al. (2003) but representation is very weak in terms of percentages. For example, only 5.4% state the desire for better working hours as their reason for exit.

Table 9 – Sample of Push Factors Identified

Reason	% of Responses	Hotel Brand	Exit Interview Period
Offered more flexible hours	4%	X	2005
Use my skills, provide recognition	9%	X	2005
Communicate better	8.6%	X	2005
Staffing and training	13.3%	X	2005
Better working hours	5.4%	Y	2001-2004
Job was not challenging enough	3%	Y	2001-2004
Cannot get to work	1.8%	Y	2001-2004

Overall, the push factors do not appear to say much, though training and skill recognition do warrant further attention. However, pull factors equate strongly with traditional drivers of turnover pulling employees away from the organisations such as job opportunities in other industries, travel and relocation. The concern is that in all categories except (Managerial Relationships and Training), the employee responses are predominately positive. The factors that are listed as reasons for leaving or reasons for dissatisfaction are both weakly represented and questionable as the true cause of the turnover. For example, training is one of the categories that is less positive in terms of employee feedback – yet the two hotel organisations studied are amongst the top in their field in terms of quality training provision and investment in career progression. Thus, we are left with the conclusion that the exit interviews don't appear to be capturing the drivers that turnover literature indicates would normally be present in employee decisions to leave employment.

The 'reasons for leaving data' for both brands shows a strong trend towards transfer, relocation, travel and external opportunities. While *Hotel X* part-time workers show much more varied reasons for leaving (health, lack of hours, education) there is little evidence that the organisation has 'done something', or 'failed to do something' that has resulted in the employee deciding to leave. The exception to this comment seems to be indicated by the

"Managerial Relationships" and "Training" tables form *Hotel Y*. These tables present a picture of managerial failure – *not supportive, hard to access, lack skills, does not take action, rude, confrontational, too demanding, bad attitude* and below average training provision. However, neither of these two categories features strongly in turnover literature as direct determinants of turnover, other than as possible moderators of job satisfaction. Generally employees state they are leaving because they have seen a better opportunity or else they have had to move.

A recent personal interview with the Regional Human Resource Manager of a large New Zealand Hotel chain highlighted the importance of new entrant turnover for hotels as a critical issue for the industry. Service length within *Hotel X's* properties illustrates, what Wanous (1992) refers to as 'premature' turnover, in which there is a lack of congruence between individuals and the organisational culture. It is stated that when an individual enters an organisation the early experiences are likely to be positive, creating a honeymoon effect. It is suggested that the hiring organisation presents their most favourable side to potential individuals during the recruitment and entry processes. As stated by Boswell, Boudreau & Tichy (2005) this portrayal of the organisation in a more positive light contributes to higher individual expectations. This "initial high" (Wanous, 1992: 4) of the new job is likely to wear off, when individuals became established and their expectations are not met. This results in a decline in job satisfaction, known as the 'hangover effect', which will eventually lead to voluntary turnover. This could be partially due to the hospitality industry being characterised by historical practices and accepting employee turnover as the norm. Unfortunately, no service length data exists for *Hotel Y* to test this 'premature turnover' hypothesis.

Taken as a whole, the data provided by both hotel brands exit interview process is very limited in its application to organisational improvement. The information contained in the exit interviews seems to be a classic example of describing the symptoms of a disease, and encouraging the treatment of the symptoms, while the underlying causes of the disease remain unaddressed. The data sourced from the exit interview process is basically descriptive – we can see percentages and breakdowns of position, service time, and 'main reason for leaving', but at the end of this process we are left with the following conclusion: the vast majority of employees, who are leaving voluntarily, are doing so because other activities appear to be more rewarding or interesting to them. These activities may be travel, education, working for another hospitality organisation or working in another industry. The majority of employees state that there is very little the employer could do to stop this from happening. Given the considerable time and resources allocated to the exit interview process, this investment provides the employer with scant return.

However, it could be argued that the reasons for leaving may be almost irrelevant – the reasons for lack of commitment are far more important. The results call for a radical re-conceptualisation of what should be asked in exit interviews and how the exit interview process should be undertaken. From the findings of this study, it is clear that exit interviews alone will not capture the complex nature of turnover and employee relations. If very little useful data can be generated for the hotel brands as far as organisational improvement is concerned, then why continue investing time and money in this current process? The exit interview content needs to be re-conceptualised so as to include questions that are more likely to capture the nature of the employment relationship in all of its psychological contract complexity. In addition, employee climate surveys and other types of employee feedback need to be conducted to gather information about the employment relationship before it has irretrievably broken down.

Re-conceptualizing Exit Interviews?

The above findings illustrate a largely positive picture; that is 'everything is good' appears to be the opinion of the majority of exiting employees. However, given the high turnover rate, particularly of employees with tenure of less than six months, their exit demonstrates that everything cannot be fine. This leads the authors to question the effectiveness of exit interviews for capturing honest information that can be used to effect organisational change to lower turnover.

Moving forward, there are *two directions* that can be followed. We can either reconceptualise exit interviews, or accept that there is a more fundamental problem – exit interviews simply do not work. We will discuss both of these directions and based on the literature and the above findings, several tentative suggestions are made for reconceptualising exit interviews.

Feldman and Klaas (1999) conclude that employees tend to disclose their honest reasons for leaving when data is treated confidentially, when it does not result in a negative reference from their direct supervisors, and when they believe that in the past the employer has taken action on problems identified in exit interviews. *Hotel X* and *Hotel Y* should consider emphasising the confidential nature of the exit interview information to employees and consider showcasing changes in hotel practice that have been brought about as a result of exit interviews. This concrete linking of exit interviews to organisational change could demonstrate the importance of exit interviews to employees and thereby improve the quality of information given during these interviews.

Exiting employees may engage in 'positive reporting' if the interview is conducted while they are still working in the organisation and they have yet to complete the exit process such as collecting a final payment and securing a referee. On the other hand, researchers have found that the "responses given during exit interviews are often substantially different from those given in interviews conducted a month or more after the termination" (Wanous, 1992: 45). *Hotel X* and *Hotel Y* may wish to consider researching the validity of this finding by running a pilot study using written exit interviews, one month after the employee has left the organisation. There are obvious practical limitations regarding the tracking and contacting of employees in this suggestion, but even limited feedback could shed light on the usefulness of post-partum exit interviews.

Wanous (1992) and Fottler et al. (1995) argue that the exit interview methodology used for data collation has immense influence on the quality of the information collected. They conclude that organisations all too often focus on the immediate reasons for leaving in interviews, rather than the attitudinal and organisational causes for turnover. It is this question of *what* types questions should be asked in exit interviews which is of great interest to the authors of this paper. *Hotel X* and *Hotel Y* could consider focusing exit interview questions around key organisational and attitudinal *hot spots*, from which suggestions for changes in organisational practice could be made. In addition, questions could be asked about the nature of expectations that employee held before they started in their work roles, and how these expectations were met, exceeded, or frustrated by particular aspects of the organisation.

Issues such as inadequate socialisation and the resulting dissonance could be explored with departing employees in exit interviews. Wanous (1992), Allen (2006), and Birchfield (2001) all argue that premature turnover is of key importance to organisations and that issues around socialization are crucial to the control of that turnover. The findings presented in this paper

further highlight the importance of premature turnover for *Hotel X*, with 83% of part-time workers leaving before one year of service in 2005.

If the thesis is accepted that exit interviews simply do not work, then there is a more fundamental question of how to understand turnover. Exit interviews are only a limited part of a more comprehensive web of employee feedback mechanisms, yet they are often used as an individual stand alone tool to gain information from employees. Even more concerning is that few hotel Human Resource Managers were able to say what was done with the results of exit interviews (personal communication – the authors). This is particularly concerning, as if the results do not lead to any practices aimed at reducing turnover, then they are nothing more than a 'tick the box' exercises. It is perhaps not surprising then that employees reported a largely positive feedback in such interviews, because if they had never seen the changes made as a result of feedback given by previously exiting employees, then value did they see in being honest about their motivations for leaving. Two-way communication builds trust in organisations, yet exit interviews appear to be an exercise in one-way communication with the employee expected to be honest and frank with feedback, yet the organisation may be reticent in acting on the feedback. While exiting employees will most likely never know how the information they disclose at the exit interview will be used, current employees will be able to gauge as to whether the organisation is prepared to act on factors affecting turnover through whether changes are made, or not, in the workplace.

The hotels should take the view that the quality and longevity of the employment relationship is a result of complex psychological contracting from the start of the recruitment phase, all the way to the last word on the exit interview form. In order to make positive interventions in this relationship, and thus reduce turnover, the organisations could consider a range of employee feedback options that engage with the individual worker from the moment they join the hotel. These could include traditional annual employee climate surveys, but could also include confidential internet surveys and chat rooms, regular semi-structured interviews with human resource mangers and employee participatory forums.

Conclusion

Despite their shortcomings, there are advantages for *Hotel X* and *Hotel Y* continuing to conduct exit processes such as interviews. Gathering significant statistical data could allow them to gain greater insight into motivations for departure and allow them to monitor trends as well as forecast turnover levels. However, for *Hotel X* and *Hotel Y* to realise the real synergies that can be gained from exit processes they need to address the suggested deficiencies discussed in the literature and demonstrated in this paper. The practice of exit interviews can be very costly and wasteful, particularly if the right questions are not asked, and especially if the information collated is never used.

Unless an effective and safe process is designed there is also the added risk that people do not divulge the truth in the exit interview about the real reasons of their departure, thus making the process possibly redundant. Organisations typically focus in the exit interviews on the reasons of leaving, rather than the attitudinal and organisational causes for turnover. This focus can result in data that fails to inform organisational improvement. Having argued that a web of employee feedback mechanisms is a more useful approach, (including employee attitude surveys, which unlike exit interviews, could generate high-quality reliable

information about the employee relationships within the organisation), a serious question mark hangs over the current efficacy of standard exit interviews.

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A Research Note: Employee-focused corporate social responsibility reporting in the banking industry

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Abstract

This research note explores the extent of publicised employee-focused corporate social responsibility ("CSR") initiatives in the banking sector. It assesses a number of New Zealand/Australian ("NZ/AUS") and European banks by comparing their current stated employee-focused CSR practices and policies (by means of CSR reports, annual reports, and web-based information) with current academic literature and international regulatory standards. There is a general assumption in the literature that the European banks are superior in their practises and reporting initiatives in employee-focused CSR. However, based on this initial assessment of the NZ/AUS banks' reports, there is some evidence the antipodean banks are perhaps more thorough and detailed regarding certain employee-focused CSR practices than some of the Northern Hemisphere counterparts. The paper concludes with a summary of the limitations of the extant research and suggestions for further research.

Introduction

Despite 70 years of intense academic debate surrounding the concept of 'corporate social responsibility', there is still no universally accepted definition (Whitehouse, 2006). While this has in part hindered its development, corporate social responsibility (CSR) has once again received renewed interest and become part of mainstream business practice (Garriga and Melé, 2004), due in part to the renewed strategic attention being given to employer branding and human resource management ("HRM") issues (Walker and Higgins, 2008). Environmental issues still however dominate the CSR debate, while employee issues are yet to be highlighted as much in business reporting and in academic literature, despite employees' growing importance to businesses' refocus on their customer service standards (Decker, 2004).

The central research question that underpins this paper is to better understand why CSR is important to modern corporations, how employees fit into this increasingly broad subject, and what is being done to support them as an element of CSR, customer service and business strategy. In particular, this paper reports on the initial stages of a study – namely a review of the extent of academic research including Global Reporting Initiative standards and the corporate literature surrounding employee-focused CSR. Based on the review of the literature, a number of employee-focused themes will be established to assess the degree of employee-focused reporting in a selection of European/International and NZ/AUS banks.

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Literature Themes

There is an extensive debate surrounding CSR, dating back to the 1950's when Bowen (1953, as cited in Garriga and Mel, 2004) published his book 'Social Responsibilities of the Businessman'. Since the early 1990's the field has grown substantially, leading to an increased global consciousness of corporations, due to "a proliferation of media and NGO exposes on violations of corporate behaviour with regard to human rights, environmental principles and labour laws" (Hill, 2006: 519).

With a significant increase in scope over the years, it has become apparent that CSR incorporates a number of different elements (Decker, 2004: 714) and therefore, while there is still no finite definition of 'Corporate Social Responsibility' a meaningful definition needs to be dynamic (ibid). For the purposes of this review, the definition by Holmes and Watts' (2000: 1) will be used:

> "CSR relates to a firm's commitment to contribute to sustainable economic development, working with employees, their families, local communities and society at large to improve general quality of life".

Greater international interconnectedness (globalisation) has resulted in increased choice for consumers but, in turn, has also increased competition for businesses (Bamber, Lansbury and Wailes, 2004). For the service sector, this means vying for more informed and less loyal customers (Boone and Kurtz, 2004). Services have therefore refocused on customer relations, relying increasingly on front-line staff to achieve this (Nixon, 2001). As a result, improving relations and communication with staff has gained significance (National Australian Bank (NAB) Ltd, 2004). Lehman (2007) has argued that in most cases this requires rectifying the internal damage of 20th century rationalism of cost cutting, downsizing, outsourcing and bureaucracy. As a result, building co-operative and positive relationships with employees should be a prioritised business strategy, in order to not only fulfil the needs of its customers, and other CSR stakeholders, but to also meet the specific needs of one of its most valuable stakeholders: its employees. Collaborative relationships between businesses and their employees could therefore be regarded as an ideal for CSR: if a company does not assume a high level of responsibility for its own staff (internal), it is unlikely to do so for its customers or to the social and natural environment (external) in which it works. This is illustrated by the Figure 1 below:

The UK based Chartered Institute of Personnel and Development ("CIPD") has started to link employee-focused CSR to employer branding and, identify the pivotal role HRM plays in their strategic implementation (CIPD, 2003). It believes that CSR offers HRM an opportunity to demonstrate its strategic focus, with employee-focused CSR addressing pivotal organisational processes, including recruitment, training and communications. CSR is therefore viewed as an "active channel for building customer loyalty" (Arvinen-Muondo and Perkins, 2008: 129) and enhancing customer service (Pirsh, Gupta and Grau, 2007). Projecting an organisation's image, reputation and trustworthiness are also vitally important for attracting and retaining not only customers but employees as well (Decker, 2004). As a result, businesses are realising the need to connect with, attract and motivate their increasingly diverse and less loyal employees.

Subsequently, the role of employer branding has gained increased strategic attention from organisations (Barrow and Mosley, 2005).

Figure 1: Achieving integrated CSR: A value chain approach
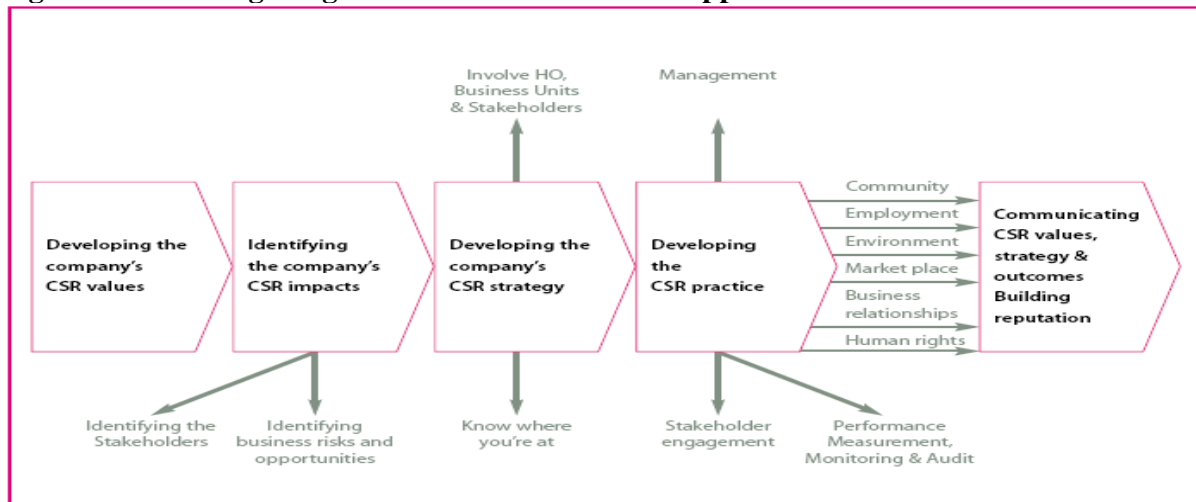
Source: Bevan et al, 2004: 29

Employer Branding initially 'took off' in the late 1990s with the sudden focus on 'the war for talent' (Michaels, Hadfield-Jones and Axelrod, 2001; Martin and Hetrick, 2006) and it is now receiving renewed attention regarding its role within an organisation's strategic direction (Barrow and Mosley, 2005). The implies that an organisation needs to market what it stands for and has to offer to both potential and existing employees, with the employer brand needing to adequately connect to an organisation's values, strategy and HR policies (Walker and Higgins, 2008). This view is, however, still not part of mainstream business strategic reality. As a recent PriceWaterhouseCooper survey found that nearly 30% of CEO's still feel CSR to be a predominantly PR issue (Humpage, 2007), it is not surprising that employee-focused CSR has received insufficient attention, with environmental issues still dominating what strategic focus is being given to CSR (Branco and Rodrigues, 2006). Employee-focused CSR appears to have been marginalised and, although employees are considered active stakeholders within the context of CSR, they seem to have only received peripheral mention (CIPD, 2003).

Although the body of literature surrounding employee-focused CSR is slowly expanding (Garriga and Melé, 2004), the vast majority appears to originate from Scandinavian and European countries, reinforced by European Union ("EU") initiatives. In comparison, it has yet been less formally promoted within Anglo-American countries. As such, one would presume that with their increased awareness and focus, European banks would have superior and advanced employee policies in place in comparison to NZ/AUS banks.

Review of Secondary Data

The information reported in this paper are based on a review of secondary information sources. In order to gain an insight into the field of employee–focused CSR and prior to conducting the primary data collection, a comparative review was undertaken, with a focus on establishing the extent of academic research in this area and what information is publically available on selected banks. The banks chosen for the review are outlined in the tables below and were chosen on the basis of their size, influence, industry reputation and overt references regarding their human resource or CSR initiatives.

Table 1: New Zealand/Australian banks

New Zealand Banks	*Australian owners*
ANZ	Australia and New Zealand Banking group (ANZ)
ASB	Commonwealth Bank
BNZ	National Australia Bank (NAB)
Westpac	Westpac Banking Corporation

Table 2: European/international banks

European Bank	*Country of origin*
The Co-operative bank	England
HSBC	England
Deutsche Bank	Germany
Barclays Bank	England
Danske Bank	Denmark

A range of documentation from each bank was used for this review, including CSR reports, annual reports, HR documentation and the banks' websites. These were analysed to establish the extent of employee-focused initiatives. However, instead of merely comparing New Zealand/Australian banking reporting practices with the presumed superior European ones (as is the dominant view in the literature), this review aimed to identify what the primary focus was for each bank with regard to its employee-focused CSR reporting, as a way of gauging the levels of employee-focused CSR engagement.

In order to provide a comprehensive comparison between NZ/AUS and European banks, a set of criteria was also chosen so that all banks could be compared to the same points of reference. To this end, Vuontisjärvi's (2006) set of criteria was incorporated into the analysis as it is not only focused within Europe but is also used by international reporting bodies, including 'Business in the Community' (2000), 'CEC' (2001) and 'CSR Europe' (2001). The criteria is based on an analysis of the annual reports of Finland's 205 largest companies in which he identified the most common employee-focused policies and practices.

Vuontisjärvi, (2006: 337), criteria in order of importance are:

- Training and staff development;
- Pay and benefits;
- Participation and staff involvement;
- Values and principles;

- Employee health and well-being;
- Measurement of policies;
- Employment policy;
- Security in employment;
- Equal opportunities (diversity); and
- Work-life balance.

Building on Vuontisjärvi's criteria, as well as drawing on other well known global reporting directives, including the Global Reporting Initiative (GRI), Business in the Community (Bitc), FTSE4GOOD, the Dow Jones Sustainability Indexes and the EU and its Green Paper, the following set of criteria was established:

- Training and career development, including life-long learning emphasis and spending per employee
- Diversity, including organisational demographics, anti-discrimination, equal opportunity promotion, minority and disability group inclusion, women in management programs, age-neutral policies and cultural inclusion
- Supportive working environment, including work-life balance, part-time and flexible working options, employee participation and involvement, two-way communication channels and family support including childcare facilities and maternity and paternity leave policies.
- Health and Safety, including employee well-being, education, counselling and workplace policies and practises
- Remuneration and benefits, including share plans, employee appraisals, performance standards and bonus schemes
- Employee engagement and satisfaction, including surveys and employee empowerment
- Employment Relations (ER), including union relationships, collective bargaining and freedom of association
- Organisational values, including codes of ethics, mission statements, value and business principles
- Employment policy, including layoffs, restructuring policies, turnover, retirement, recruitment and selection policies and job creation initiatives

The assessment of the banks was based on their latest full CSR report at the time of the review, normally those of 2006 (except in the case of the Co-op Bank, whose latest report is that of 2005), as well as information found on their websites. Depending on the degree of congruency between recommended practice and actual reporting focus, conclusions were drawn about the extent of employee-focused initiatives within each bank, as presented in Table 4 below. In addition, auditor and verifier information was assessed, along with international standard affiliations for each bank. A comparison of which can be found in Table 5 below.

The following ranking system was established in order to more consistently compare banking practice to the identified criteria, as listed above. These are outlined in the table below:

Table 3: Symbols and their meanings related to Table 4

Symbol	Meaning
X	Missing: NO reference or acknowledgement of issue
*	Present: Criteria is acknowledged but no elaboration or additional information is provided
**	Addressed: Criteria is acknowledged and details elaborated (sound implementation)
***	Comprehensive: Criteria is acknowledged; comprehensive information is provided surrounding the key policy components and supporting data is provided (thorough assessment)
%	Data: No qualitative discussion, only quantitative data presented

Table 4: Comparing banks' employee-focused reporting practices to internationally recommended areas of focus

Banks	Criteria								
	Training & Develop.	Diversity	Supporting Environ.	Health & Safe.	Pay & Benefits	Engage. & Satisf.	ER	Org. Values	Employ. policies
ANZ	***	***	***	***	***	***	***	***	***
ASB/ Commonwealth	**	***	**	*	**	*	*	**	*
BNZ/NAB	***	***	***	***	**	***	***	**	%
Westpac	***	***	***	***	**	***	**	***	***
Co-op Bank	*	*	***	*	***	**	**	**	***
HSBC	**	***	**	%	**	***	X	***	*
Deutsche Bank	***	***	***	***	**	**	*	***	**
Barclays	**	***	***	**	***	***	**	**	%
Danske Bank	**	***	***	***	*	**	X	***	%

Table 5: Banks' assurance and affiliations

Banks	Assurances		
	Auditor/Verifier	Affiliations	GRI
ANZ	KPMG (Australia)	• FTSE4GOOD • UNEP-FI • GRI Org. Stakeholder • WBCSD	• G3: A+ • GRI Checked • GRI Registered
ASB/ Commonwealth	/	/	/
BNZ/ NAB	URS Australia Pty Ltd	• FTSE4GOOD • UNEP-FI • GRI Org. Stakeholder	• G3: A+ • GRI Checked • GRI Registered
Westpac	Banarra Sustainability Assurance and Advice	• FTSE4GOOD • UNEP-FI • GRI Org. Stakeholder	• G3: A+ • GRI Checked • GRI Registered • Global Compact Index
Co-op Bank	Just Assurance	• UNEP-FI	• 2002 CI • GRI Register

HSBC	Det Norske Veritas Certification BV	• FTSE4GOOD • UNEP-FI	• 2002 CI • GRI Register
Deutsche Bank	/	• FTSE4GOOD • UNEP-FI • GRI Org. Stakeholder • WBCSD	• G3: A • GRI Checked • GRI Registered • Global Compact Index
Barclays	The Corporate Citizen Company	• Priority Reporter • FTSE4GOOD • UNEP-FI	• 2002 CI • GRI Register
Danske Bank	/	• UNEP-FI	/

Review of Secondary Data

Table 4 above draws a comparison between the banks' reporting of employee-focused criteria and those proposed by academics and global standards. All banks can be seen to recognise the importance of their employees, although there was a large disjointedness between the focus of the various CSR reports (with the vast majority devoting considerable information to the environmental, the community and supply chain issues).

In line with international trends, employee-focused CSR reporting is developing. While an increased focus on the non-financial impact of businesses began to be acknowledged during the 1990's, these efforts were mainly environmentally focused (as illustrated by some of the banks' first CSR-related reports). Environmental issues, including internal resource consumption and external environmental impacts still remain a dominant priority. CSR reporting has developed to also include a social element. Initially, this focused on community initiatives, outreach programs, donation sponsorship schemes and educational programs.

With increasing academic and industry findings acknowledging employees as an organisation's most valuable resource, it appears that employees are finally becoming more closely aligned to their organisations' core strategies. This is particularly true for the large service orientated sector. As the labour market has tightened, less loyal and more transient employees have dominated the workforce. Like the changes business have made to meet changing customers' needs, so too are they having to realign and refocus on meeting the changing needs of these employees, in order to attract and retain them (Hunt and Rasmussen, 2007). As a result, employee policies and HRM are gaining more focus within CSR reports.

All banks published a 2006 CSR report, except for the ASB/ Commonwealth Bank. For most, the inclusion of CSR initiatives were first reported upon in their annual reports, slowly progressing to their own stand alone reports, as issues and projects developed. While Danske Bank's 2006 CSR report was its first, others (like The Co-op Bank) have been publishing "partnerships reports" since 1997. For the majority, however, CSR reports began to be published in the first years of the millennium.

All the banks' reports focus on addressing economic, environmental and social aspects of CSR. The social aspect can be further broken down into three sections: customers, the community and employees, with some, including Westpac, BNZ/NAB and The Co-op Bank, covering suppliers as well. Other than HSBC's latest CSR report, each bank provides a dedicated section to its employees. These sections vary in length from two pages for the Co-op Bank to 10 pages for BNZ/NAB, 12 pages for Westpac and 13 pages for Deutsche Bank. Generally, the more space devoted to the criteria, the more detailed the discussed content tends to be and this reflects the various levels of employee-focused CSR by these banks.

When analysing each banks' CSR report for criteria, *diversity*, closely followed by a *supportive working environment* were most comprehensively reported upon (See Table 6). In comparison, employment relations (including union relations and freedom of association) and, employment policy (including turnover, recruitment and selection and restructuring policies) where most poorly reported upon, with three of the banks presenting their employment policy through quantitative discussion only.

Table 6: Ranked Performance Indicators (criteria)

Ranking	Performance Indicator (Criteria)	Number of (***) Comprehensive scores
1	Diversity	8
1	Supportive working environment	7
2	Organisational values	5
3	Engagement & satisfaction	5
4	Training & development	4
5	Remuneration (pay) and benefits	3
6.	Health & safety	5
7	Employment relations (ER)	2
8	Employment policy	3

While the same criteria are discussed, this order does not match the order presented by Vuontisjärvi (2006). He found *training and development* and *pay and benefits* to be the top two acknowledged criteria, with *engagement and satisfaction* (Participation and staff satisfaction) third, and *diversit*y (equal opportunity) only ninth. It is unclear why there is this difference. It could highlight either a change in focus and development of prioritised initiatives, or, the potential for variations between countries and industries with regard to employee-focused priorities. Alternatively, the differences in the details and variations between the two qualitative assessments could be responsible.

Based on this report's comparison, the nine analysed banks can further be ranked in order from best (most employee-focused, demonstrated by the most comprehensive reporting) to worst (least focused, based on fragmented and poorly elaborated employee-focused CSR reporting) as follows:

Table 7: Ranking of Banks

Ranking	Bank	Country of Origin	Number of (***) Comprehensive scores
1	ANZ	NZ/AUS	9
2	Westpac	NZ/AUS	7
3	BNZ/NAB	NZ/AUS	6
3	Deutsche Bank	European	5
4	Barclays	European	4
5	Co-operative Bank	European	3
6	Danske Bank	European	4
7	HSBC	European	3
8	ASB / Commonwealth	NZ/AUS	1

Surprisingly, and in complete contrast to what the analysis of academic literature lead us to believe, the top three places are all NZ/AUS banks. (The third place is shared between BNZ/NAB and Deutsche Bank). This is despite the fact that these banks only began their CSR reporting after the majority of the European/international banks. However, the fourth of the NZ/AUS banks is ranked last due to its total lack of CSR reporting. As a result, instead of looking to the international banks for policy guidance and direction, the NZ/AUS banks appear to be taking the lead and may help, therefore, in setting and improving criteria for reporting.

Conducting this comparative analysis and making this comparison was difficult, as although the areas of focus were the same, the format and how and what each bank included in their report varied significantly. As outlined by Kolk (2004), the subjective use of wording in the reports' qualitative discussion made it difficult to differentiate CSR commitment based on reports alone. With the banks' affiliation to a number of the international standard organisations, including the GRI, FTSE4GOOD and Dow Jones Sustainability Index (as outlined by Table 5 above), the reports' content is becoming more standardised. By associating themselves with these organisations and basing their reporting on recommended standards, it is encouraging to see the banks' general focus surrounding employee-focused CSR reporting are also 'improving'. This unification of employee-focused criteria is particularly important, although the degree of implementation and success may vary.

While employee-focused CSR reporting is growing, as highlighted by the above comparison, environmental protection, and community initiative reporting still dominate the large majority of businesses' (including banks') CSR reports. This is in part due to their target audience, initially shareholders and investors, who focused only on how a company specifically affects them and their investments. Increasingly, however, CSR reports are refocusing on addressing the needs of all its shareholders, as outlined by GRI standards. These include customers, the community and employees, with whom the banks are working to build reciprocal relationships. The increased emphasis on employee-importance by large international bodies, including the GRI and EU, is particularly important in fostering this focus.

Employees, due to their increasing importance to customer service and therefore business performance success, are finally receiving the deserved recognition and professional development they need and increasingly demand. While some banks are only starting to better balance their

CSR reporting with increased employee-focus initiatives (as is the case of ASB/ Commonwealth Bank), others like Westpac and ANZ are already devoting a lot of time and resources to maintaining this focus.

Limitations and further research

Due to the nature of this exploratory comparative review, only a limited number of banks were analysed. The selected areas of focus, including academic research, international reporting standards and the selected banks' CSR reports and websites are all assumed to provide an adequate representation for a comparison and assessment of employee-focused policies in the banking sector.

The size of this research review, the constraints of time (six months) and of financial resources all contributed to the limitations of this research. In addition, the depth of the information is influenced by only analysing banks' publically available information, as opposed to conducting comprehensive internal assessments. Thus, further research regarding employee-focused CSR initiatives and reporting is required. In particular, an assessment should be done to track the changing focus and development of employee-focused reporting over time. In addition, more research should be dedicated to assessing employee-focused initiatives within CSR. Too little information is currently available surrounding employees, and less still on specific areas of required focus (for example, flexible work programs, ethnic minority training and employee well-being).

Therefore, research should focus on drawing HRM and CSR issues together to establish conclusive evidence regarding the promotion of employee-focused initiatives in the workplace, as well as developing means of enabling implementation. In addition, finding links between the two concepts and how HRM can take a lead in the promotion of CSR in the workplace should be examined, as well as exploring other popular organisational concepts, including employer branding.

Conclusion

With the increased focus on employees as the 'key' to customer service, the strategic function and management of international service organisations, like banks, are working on improving relations with their employees. This, as illustrated by their employee-focused CSR reporting, includes providing: inclusive diversity-accepting cultures, supportive and flexible working environments, training and career development, health and well-being programs and increased employee engagement.

This analysis of secondary sources has provided a comparison of current employee-focused CSR reporting to academic literature and Global Reporting Standard, using banks from Europe and NZ/AUS as the basis for the analysis. In contrast to initial assumptions, the NZ/AUS banks proved to be more advanced in their employee-focused CSR reporting than the European/International banks.

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Chronicle: June, 2008 – September, 2008

June 2008

The *Sunday Star Times* featured an article which claimed that thousands of casual workers will get a better deal, including improved access to benefits such as sick and bereavement leave, under proposed changes to the Employment Relations Act. The changes proposed by the Minister of Labour Minister Trevor Mallard included a new code of practice designed to make it easier for casual workers and their employers to know their rights and obligations. It will also identify employers who are labelling employees as casual when the nature of their employment means they are really permanent or part- time workers. National Distribution Union's Retail Secretary Maxine Gay was quoted as saying that "…it's really good news to even begin to clean up this area", and that it would help a growing number of vulnerable workers in industries such as hospitality, cleaning, retail and tourism who have irregular hours.

The article cited Department of Labour research, which confirmed that many casual workers were unaware of their rights. These same workers had limited access to holiday, sick leave, training and skill development. The irregular hours also played havoc with family life, and made it difficult to plan ahead or budget. Under the proposed changes, Department of Labour inspectors would be given the power to decide if a worker was employed on a temporary or permanent basis. A *Dominion Post* article published soon after the announcement suggested that Business NZ had argued that although the proposal was well-intentioned, the changes were out of step with the commercial world and would blow the budgets of events like the Rugby World Cup.

Proposed strike action by 750 Department of Labour employees was lifted at the last minute as progress was made in negotiations between the Department and the Public Service Association (PSA). The workers were seeking a pay increase of 4% and the abolition of their current pay setting system, which they claimed was confusing, inconsistent and unfair. However, notices remained in place for two two- hour strikes, scheduled for the 12th and 16th of June. Negotiations over the collective agreement began in August 2007.

It was found that Wellington's hospital actually ran more smoothly when junior doctors were on strike. Findings published in a British journal *Clinical Medicine*, suggested that a senior doctor could cover the workload of at least two junior colleagues. Patient waiting times and their length of stay in the Emergency Department were halved during a five-day strike by junior doctors in June 2006, when senior doctors carried out extra tasks on top of their normal work. For the first time, the Emergency Department met its recommended target times for treating emergency patients.

The *Press* reported that SkyCity Entertainment Group faced a series of 'popcorn strikes' by film attendants. The strikers waved banners saying 'Un-sexy Pay in the City' and asked film patrons to boycott drinks and confectionery. The Unite Union, which represents about 400 cinema workers around the country, was seeking at SkyCity to increase the pay for cinema attendants from $12 an hour to $12.20 an hour, rising to $13.10 after two years of service.

The *Dominion Post* reported on the troubles at a publicly funded Wellington community radio station, which was being investigated for workplace bullying after high staff turnover. The Labour Department began the investigation into Access Radio after the Public Service

Association (PSA) raised 'serious' concerns. Most of the station's core staff had either left or taken extended periods of leave, and five council members had resigned. Another article reported that the Department of Labour inspector had found that the staff may be unhappy but they were not being bullied. There was no find specific evidence of repeated and systematic bullying and nor were staff exhibiting 'mental harm'.

The *Southland Times* reported on a decision of the Employment Relations Authority that looked at a situation where an employee had resigned and then withdrew that resignation. The case demonstrated that in certain circumstances a resignation made in haste can be withdrawn and, if the withdrawal was not accepted, then the employer could get into trouble. A woman, who was employed as a manager of a clothing store, was counselled over the phone by her manager about a number of complaints made by customers about her. She became upset and told her manager that she could 'stick the job' and that she wasn't 'putting up with this any more, she wasn't paid enough for this crap'. The manager took these comments as a resignation and the employee was told to hand over her keys and leave the store. The employee later tried to retract her resignation. The authority found that the resignation was made in the heat of the moment. Although the language used was inappropriate and unacceptable she had then attempted to retract her resignation, which a fair and reasonable employer would have permitted her to do. The ERA also found that it was wrong to have had discussions regarding serious allegations over the telephone.

Progressive Meats lost a three-year legal battle to provide a smoking room for its workers. A judgment released by the Court of Appeal found that a smoking room built by the Hastings company was part of the workplace as defined by the Smokefree Environments Act. In a *Dominion Post* article, Progressive Meats' Managing Director Craig Hickson said the ruling defied common sense, but did not surprise him. Progressive Meats had built the smoking room as part of a $1 million upgrade in 2003. Strict food safety regulations had come into force the year before, prohibiting workers from leaving the building when they were wearing their work cloth.

An *Independent* article illustrated that sometimes, despite an employer's failings, the acts of the employee can cause the scales to be tipped back in favour of the employer. It cited a recent case where a home insulation contractor employed a worker through his local Work and Income office. The worker, despite being told not to attend particular jobs, took it upon himself to install insulation material into a customer's house. As a result of his actions, a fire broke out in the ceiling of the house and this caused significant costs to the employer as under his licence agreement he could not have untrained staff installing the product. The employer called the employee into a meeting the next day and handed him a dismissal letter which prompted the employee to take a personal grievance case. In the Employment Relations Authority, the employer was found to have failed to abide by the requirements of procedural fairness. But the Authority also found that the employee's actions in undertaking work, which he had been told not to do, jeopardised property and life. The Authority determined that the fair and reasonable outcome was to deny the employee any award of compensation but required that the employer contributed to his legal costs.

July 2008

The long awaited amendment to the Employment Relations Act finally became law on 1 July meaning that employees with caring responsibilities would have the right to ask their employers for flexible working arrangements (see May Chronicle). A *NZ Herald* article compared the experience of Great Britain where similar legislation had been in place for several years. In Britain, a popular choice was condensed hours, where people worked four 10-hour days and had the fifth day off. Two years ago, a survey found that 80% of requests for flexible work arrangements had been granted, 10% were modified and 10% had been rejected. The emphasis was that it was 'early days' in New Zealand. Phil O'Reilly, Chief Executive of Business New Zealand was quoted as saying that "it was always a good idea to have as flexible a workplace as possible" and that "companies that do this well make it part of the company culture". He concluded that there would not be an overnight transformation as management first had to get over some long-entrenched ideas.

There was further discussion in the *Dominion Post* on the proposed changes to the Employment Relations Act announced in June, which would give some contractors more rights. The IT industry was likely to be affected as the proposed changes would mean that contractors belonging to a union would be entitled to at least the same pay and conditions as unionised staff who were employed by clients to which the contractors were seconded. As Indian outsourcing companies started to win major contracts from large New Zealand companies, the proposals could make hiring contractors less attractive. Campbell Hepburn, a manager at recruitment firm Hudson, said the plans would probably not cut demand for contractors, but would increase awareness about their rights. He said that another proposed amendment to the Act, which would allow contractors and their primary employer to pursue grievances against a secondary employer, could lead to some interesting legal questions, such as who was responsible for the conditions of an employee's dismissal.

Minister of Labour Trevor Mallard announced that the KiwiSaver legislation would be altered to ensure there was no conflict with employment law when employees and their employers negotiate remuneration packages. The Minister moved to make it unlawful for employers to pay different amounts to KiwiSaver members and non-members amid concerns that a minority of employers were deducting employees' wages but retaining the tax credits. To stop this, the Government would change the Employment Relations Act to make it unlawful to offer lesser terms to a KiwiSaver employee on the basis of membership. The KiwiSaver Act will also be amended.

The National Party's plan to allow small businesses the right to dismiss workers within a 90-day probationary period re-emerged as a policy platform for this year's election. The policy, which would apply to businesses with fewer than 20 workers, would allow employers to dismiss staff in the first three months without risking a personal grievance claim for unjustified dismissal. The National Party stated that the policy would give small businesses some insurance so they could take a risk on workers they might otherwise be reluctant to employ, such as former prisoners or people with little work experience. An article in the *Daily Post* argued that small businesses should have greater flexibility to hire and fire within a probationary period but there also needed to be some independent oversight to protect workers, in order to prevent abuse of individual employment rights.

In another significant revelation of the National Party's employment relations policy, leader John Key said that if it was elected to power it would largely retain the Employment Relations Act. Good-faith provisions would still apply, as well as rights to sick leave, holidays, and health and safety provisions. Additionally, workers would be allowed to bargain collectively without having to belong to a union. Mr Key said that a National Government would also keep four weeks annual leave, but would allow employees to trade the fourth week for cash.

The proposal to allow workers to cash up the fourth week of pay was labelled an effective abolition of the across-the-board four weeks' annual holidays, according to Council of Trade Unions' President Helen Kelly. She went on to say in the *Dominion Post* that, "people value their leave. I think employees who are pressured will end up selling their leave and three weeks leave will once again become the norm". Ms Kelly also envisaged situations where employees would be forced to trade their leave for less than its monetary value. Mr Key said that a National Party would appoint a working party to review the Holidays Act, with particular emphasis on the issue of 'relevant daily pay'.

A *NZ Herald* editorial supported the 90-day probationary period proposed by the National Party suggesting the proposal should be welcomed not only by employers but the many people who stand to have a better chance of gaining a job, such as the likes of new immigrants without good English, former prisoners, those wishing to change careers, young people without qualifications, and those with no recent work experience. The editorial argued that the National Party's proposal would allow employers to take a chance knowing there will not be the prospect of complex and costly personal grievance procedures. This freedom has long been sought by small businesses. The Small Business Advisory Group, set up by the Government in 2003, pinpointed it as the single most important change needed in employment law.

However, another *NZ Herald* article suggested that the 90-day probationary period proposal should concern everyone who supported the building of a high value, high productivity economy. High standards in the labour market were synonymous with high performance. Equally, low standards promoted the opposite such as high labour use, longer working hours, poor investment in training, lower capital intensity, lower wages and, eventually, reduced competitiveness. Removing employment protection from new employees was a fundamental weakening of those incentives to pursue high labour standards and thus, would erode an important building block of a high- performing economy.

The spectre of yet more strikes by junior doctor looked increasingly likely after, what the union labelled, a 'provocative' pay offer was tabled for new employees and non-unionised doctors. The beginning of July marked the one-year anniversary of the expiry of the national collective agreement covering more than 2,000 junior doctors. The DHBs said they would offer non-union and new employees pay rises of just over 8.5% for one year. Deborah Powell, the National Secretary of the junior doctors' union said that "[t]hey are inviting [junior doctors] to resign to get the pay rise and abandon the MECA [multi-employer collective agreement]. It's a very provocative action on their part".

The Government came under pressure from the Health and Disability Commissioner to ensure that patients were better looked after during health worker strikes, following a 'near miss' at Dunedin Hospital. The health board at the centre of two investigations warned that health strikes would inevitably lead to patient deaths.

A three-day strike planned by Air Nelson pilots ahead of the start of collective bargaining was labelled in the *Nelson Mail* as being "rigid, adversarial and litigious" by the company's General Manager John Hambleton. Mr Hambleton further claimed that the action was purely an "attempt to target the company and the customers". New Zealand Airline Pilots' Association's Executive Director Rick Mirkin said the pilots' strike had been timed to underline their concerns about not getting enough time off with their families. Air Nelson pilots had not had a pay rise in two years and were seeking a wage rise of up to 4.5% over the next three years, but their main obstacle in reaching a settlement was the company's refusal to consider changes to the pilots' roster that would allow them to have more family time and attend activities at home more often. The *NZ Herald* reported that the stand-off was 'growing increasingly bitter' as the strike got underway.

Another public sector industrial dispute flared up as the Ministry of Fisheries staff said they were prepared to strike if the negotiation process to renew a collective agreement. Staff threatened two-weeks of rolling strikes if two days of negotiations for a new employment agreement failed. The unions and the Ministry had been negotiating since September 2007, but had reached an impasse over issues surrounding pay, travel allowances, annual leave and fitness testing.

The National Distribution Union launched a campaign to sign up staff at The Warehouse, claiming that workers were coming under increasing pressure as the retailer reduced staff by attrition. The Warehouse's General Manager Human Resources Paul Walsh confirmed that some staff were not being replaced at some stores when they left or, were being replaced by workers on fewer hours.

The *Press* reported on a Christchurch company who was ordered by the Employment Relations Authority to implement a robust policy against sexual harassment after an 'outrageous' case involving a 14-year-old girl. The company was ordered to pay $12,750 in compensation for the '…hurt, humiliation and injury to her feelings' suffered by the girl after her employer failed to deal with her complaint of sexual harassment. Her lawyer said that while he had never seen a similar case, young workers were susceptible to sexual harassment in the workplace. The girl had worked at the company full-time for about six months when she made the complaint against a middle-aged male co-worker. After making the accusation, the girl was questioned by senior management staff for two hours, during which she had no support person. She claimed that the man had engaged her in a string of inappropriate conversations and had offered to drive her home several times. The employer decided there had been no harassment and warned the man and the girl about their conduct.

Under the headline 'Fired thief gets compo for her suffering', a *Southland Times* article described the case of 'a convicted thief' who was awarded compensation for 'hurt, humiliation and injury to feelings' after she was dismissed for failing to disclose her 'extensive criminal history'. The woman pleaded guilty to three charges while employed by the Alliance meat processing company but the offences were committed before she started with the company. Because the offences were committed before her employment with Alliance, it was found that the woman had acted 'unethically, rather than illegally' when she failed to tell management about her situation. The Employment Relations Authority found that although she was charged with and convicted of dishonesty offences, they would not have impacted on her duties.

The Court of Appeal told a senior Air New Zealand pilot who was demoted when he reached 60 that it was not age discrimination that had led to his loss of seniority. The Court said that the pilot, who had added responsibilities for flight instruction, was demoted to first officer because being less than 60 years of age was a qualification to do his job. His case was sent back to the Employment Court to decide if he was disadvantaged because of the way Air New Zealand dealt with his grievance. The Court of Appeal ordered the man to pay $8,000 costs to Air New Zealand for the lost appeal.

August 2008

A *Sunday Star Times* article claimed that nearly two-thirds of the country's restaurants had stated that they would close on public holidays because the cost of opening was too high. This was cited as one of the reasons for the National Party's proposal to review the Holidays Act, which was blamed for restaurants' rocketing labour costs. A survey by the Restaurant Association of about 400 members nationwide showed the number of restaurants opting to close on public holidays had increased from 36% in 2007 to 64% this year. But the National Party's Labour and Industrial Relations Spokeswoman Kate Wilkinson says that although she sympathised with restaurant owners, changes to penal rates were not high on National's list of priorities if elected. The party was committed to setting up a working party to look at the Holidays Act, which it believed was too complex, but had given no undertakings beyond that.

The *Press* reported that Westpac had removed sales targets linked to staff pay and given staff a 5% pay rise. Banking union Finsec had been waging a campaign against banks who were putting debt sales ahead of customer service. ANZ National Bank employees were reported to be preparing to strike for two hours after the bank refused to accept staff demands of changing debt sales targets and a 4% increase in pay. Mediation talks failed to make any headway and the strike went ahead with workers at a picket line claiming that they wanted more staff to ease work pressures and significant changes to sales targets.

Later in the month, the *Southland Times* reported that ANZ National Bank workers accepted a 4% pay increase after a narrow voting result. Bank union Finsec's Campaign Director Andrew Campbell said the offer was accepted reluctantly, as members considered it too difficult to continue the campaign. Sales targets for credit had been a second stumbling block during the negotiations.

The *Press* reported on the potential impact on disabled people as protracted pay talks between NZ Care and staff culminated in nationwide industrial action. About 1,200 staff banned non-essential paperwork and van driving. Warwick Jones, Assistant National Secretary of the Public Service Association (PSA), which represented the workers, said staff sought a pay rise of between 20% and 30%. Escalating industrial action was planned over the next three weeks if mediation, scheduled with NZ Care in Wellington, was unsuccessful.

SkyCity Entertainment Group faced a 24-hour strike from 1,000 of its Auckland staff after negotiations broke down with the two unions, Unite union and the Service and Food Workers Union, who represented SkyCity workers. The unions claimed that SkyCity's Chief Executive Nigel Morrison had been tasked with making a $110 million annual profit, which was the equivalent of $44,000 for each employee. However, the unions claimed that SkyCity had offered a 'derisory' 4% wage rise to staff this year and 3.5% in 2009, the equivalent of less than $20 in-the-hand to most workers. The unions were asking for a 5% increase and recognition of service for longer serving staff.

District nurses from Canterbury and Otago went on strike for two days after pay talks with their employer broke down. The nurses wanted a pay rise of between 3% and 4%, which the New Zealand Nurses' Organisation (NZNO) said would put them on par with other district nurses around the country. The NZNO rejected Healthcare New Zealand's offer of a 2.1% increase each year over two years and filed strike notice for 14 and 15 August. In the next stage of their industrial action, nurses threatened that, although they would turn up for work on 21 and 22 August, they would not supply their own vehicles.

Sailings of the Interislander ferries were at risk as negotiations between Toll New Zealand and the Merchant Service Guild (representing ferry captains and deck officers) broke down. The union withdrew further strike notices for sailings after two Cook Strait sailings were cancelled when officers refused to work. Both were predominantly freight sailings, with only minor disruptions to passengers. The union was seeking an 11% wage rise, which was lodged before the Government announced it would purchase Toll New Zealand's rail and ferry assets. The union claimed that the wage claim was 'modest and pragmatic'.

The tenth ranked ACT party list candidate Shawn Tan said in a *Dominion Post* article that he was told to tender his resignation by the Engineering, Printing and Manufacturing Union on the same day he informed them that he wanted to stand as an ACT list candidate. Mr Tan said he was advised to tender his resignation if he intended to stand for ACT. He remained in his position, as an organiser in the union's call centre, before being suspended on full pay after formally announcing his candidacy. The parties to the dispute were due to meet to begin the disciplinary procedure process, with Mr Tan adamant he wanted to retain his job and not give up his candidacy. A *NZ Herald* editorial described the case as curious saying the action said much about the EPMU, not least its unwillingness to brook dissension.

The *NZ Herald* reported that an Auckland publishing company employee who was teased about his sexuality was awarded more than $7000 for hurt and humiliation following his unjustifiable dismissal. The worker had worked at Ponsonby based Action Media for only a month before resigning. He planned to work out his notice of four weeks but was suspended four days later. An investigation found that his manager had taunted him about being gay. On one occasion his partner left a voice message at the office, which was passed by his manager in a voice mimicking the caller. The employee's partner took exception to the manager's behaviour and phoned and threatened him. The incident sparked a decision by the manager to suspend the employee. The authority ordered Action Media to pay wage arrears of $3,461 with interest of 9% from 10th of October 2007 (until paid in full), plus $3,800 for hurt and humiliation.

A report on a workplace study in the *NZ Herald* noted that public servants do just as much work as employees in the private sector but had greater job satisfaction and much bigger pay packets. The survey, published by Professor John Gibson of Waikato University in the *New Zealand Journal of Employment Relations*, showed the gap in pay between the public and private sector was between 17% and 21%. The study also found that many public sector workers, who were likely to be female, highly-educated and living in Wellington, had a 'warm glow' feeling of contributing to society. Professor Gibson said the higher pay levels in government jobs had little to do with needing to compensate but more to do with needing to attract highly skilled workers.

September 2008

The *Dominion Post* reported on the tabling in Parliament of the Employment Relations Amendment Bill (No3). The Bill would give labour inspectors increased powers to determine whether workers are fixed-term or permanent employees and to test whether an employee has progressed from casual to permanent employment. The Council of Trade Unions' Economist Peter Conway stated that far too many New Zealand workers were in casual and temporary work and had to deal with the resulting work and income insecurity and the impact on family life and that "protection for casual workers [was] long overdue". The Bill would allow employees to make personal grievance claims and would ensure that terms of employment were comparable to collective agreements for other staff.

A Families Commission study found that many working parents were too scared to ask for flexible working arrangements, with many fearing that changing their normal hours would be bad for their careers. The study, reported in the *Dominion Post*, found that a quarter of the people surveyed said they would be concerned about their employer's reaction if they asked for a flexible working arrangement. Of those who dared to ask, 11% reported receiving a negative reaction. The report concluded by saying that, in encouraging flexible work schedules, organisations needed to make staff feel valued and appreciated. The increased loyalty of valued staff was seen as one of the key benefits for employers of offering flexible work arrangements.

An employment relations specialist claimed that a surge in workplace strikes would hit New Zealand because of impending tough economic conditions. In the *NZ Herald*, the consultant Fred Adelhelm, a director of Auckland-based Adelhelm & Associates, said the trade unions would be under pressure to seek 5% plus pay rises for members struggling with rising food and fuel costs. He said that high-profile unions such as the PSA and the EPMU had few options but to attend to the needs of their members whose expectations may be unrealistic in the current climate. This would ensure that the pressure on collective bargaining would continue and may even increase in the short and medium term.

A cross-Tasman industrial dispute between journalists and their employer Fairfax Media continued with the firm's Chief Executive, David Kirk, remaining unapologetic about the publisher's cost-cutting strategy and his handling of the high-profile industrial dispute. Journalists on the *NZ Herald* and Melbourne paper *The Age* returned to work after a four-day strike over a pay dispute and concern about the plans to cut 550 jobs in both Australia and New Zealand.

Wellington Tramways Union members rejected a new collective agreement offered by bus operator Go Wellington and issued a notice of strike. The strike notice followed three months of negotiations, which crumbled when the drivers turned down the firm's latest offer. The *Dominion Post* said that money was at the heart of the dispute; with drivers rejecting a 7% pay increase in the first year and a $250 cash incentive. The dispute turned bitter as the drivers held their promise to strike, which caused commuter chaos. The drivers returned to work but the threat of further action remained.

A widely publicised employment dispute in Hamilton came to an end when the *Waikato Times* reporting that 'the protracted two-year legal stoush' between Parentline and its former chief executive Maxine Hodgson was finally over. All matters were resolved at a Judicial Settlement Conference, conducted by the chief employment judge Graeme Colgan. Both

parties were restricted in what they could say about the settlement. In February, the Employment Relations Authority had rejected Ms Hodgson's claim for constructive dismissal saying that the dismissal was largely due to her own actions (see February Chronicle).

The *Press* reported on a teenage McDonald's worker who received what it headlined as a 'super sized payout' after she was forced to resign her job when she joined a union. The Employment Relations Authority found that Chantelle Coup, aged 19, was constructively dismissed, and ordered McDonald's to pay her $15,000. The Authority found the actions of McDonald's Kaiapoi were a "very serious interference of Ms Coup's freedom of choice about union membership", breaching the Employment Relations Act and its employer duties. Coup said that after joining the Unite union, she was pressured to resign from it and after refusing, had her hours cut while being bullied in other ways.

The case of political scientist Paul Buchanan dismissed by the University of Auckland for sending an abusive email to a student received further publicity (see April Chronicle). The *NZ Herald* and the *Dominion Post* revealed that he had been quietly reinstated to his old position. The university confirmed that Dr Buchanan had been reinstated after an agreement was reached between the parties.

A Business New Zealand survey found that even with an economic slowdown and a softening labour market, skill shortages remain the number one concern of businesses going into the election. According to the *NZ Herald*, Business New Zealand's Chief Executive Phil O'Reilly told the organisation's election conference that 71% of those who responded said the education system was not meeting their needs. Earlier Prime Minister Helen Clark had told the conference that "near full employment disguised the unpleasant truth that nearly half the existing workforce does not have the skills to function adequately in the knowledge economy".

It was revealed in the *Dominion Post* that MPs have been investigated three times over allegations that they bullied parliamentary staff. Claims of bullying by MPs were also raised by staff during a confidential in-house survey by Parliamentary Services. The Public Service Association's National Secretary Brenda Pilott confirmed in the article that she was aware of the allegations and her staff had had 'a quiet word' with the relevant political party whips. She said workplace problems at Parliament were "no better or no worse" than other workplaces her association dealt with. Ms Wilson also said 11 MPs had invoked 'special breakdown in relationship' contract clauses in the past three years to get rid of 12 employees.

A *Dominion Post* article said that, according to proposed Labour Department guidelines, employers with transgender staff should assist them as they changed sex. Such assistance would include helping them to decide which toilets to use and ensuring the person's new name was used. The draft plan said that employers should meet an employee intending to change sex and establish a 'written action plan' to ensure their workplace transition was smooth. Employees needed to feel welcome and should be encouraged to use facilities applicable to their new identity. The article gave the example of Sarah Lurajud, a Christchurch police officer who made the transition as an example of how attitudes with organisations could quickly change. Lurajud said that "[t]he police were incredibly supportive. In the past they would have made it impossible . . . It really changed the culture of the police. They used to be very blokey".

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